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An interdisciplinary course to be offered in grade 12 to serve as a capstone to the efforts of social studies, business education, home economics, health education, and industrial arts, in preparing citizens to be wise consumers, was developed by a team of teacher consultants and curriculum specialists. The materials were tested and revised after classroom use and the appraisal of specialists from non-profit consumer organizations. There are no fixed boundaries nor materials that must be covered in consumer education; therefore it is suggested that (1) student interests and needs be the initial subject matter content and (2) team teaching and planning be incorporated. Curriculum materials are outlined according to suggested learnings, pupil and teacher activities, sources of information, and concepts and understandings. Unit subjects are: (1) principles of consumer purchasing, (2) purchasing food, clothing, furniture, and appliances, (3) purchasing and maintaining an automobile, (4) housing, (5) short term consumer credit, (6) budgeting and money management, (7) fraud, quackery, and deception, (8) banking, savings and investments, (9) life and health insurance, and security programs, and (10) consumer law. The guide contains a selected bibliography of books, pamphlets, and filmstrips, slides and tapes. (FP)

CONSUMER EDUCATION

Materials for an Elective Course

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
BUREAU OF SECONDARY CURRICULUM DEVELOPMENT, ALBANY, 1967

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The University of the State of New York/The State Education Department
Bureau of Secondary Curriculum Development/Albany 1967

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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CONSUMER EDUCATION,

Materials for an Elective Course

THE UNIVERSITY OF THE STATE OF NEW YORK

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PREFACE

Preparation of youth for effective citizenship has long been accepted as one of the primary goals of education.

The need for better informed consumers who are able to operate effectively and wisely in the market place has received nationwide attention. Strong reference to this has been frequently stated by State Attorney General Louis J. Lefkowitz. Stressing the fact that "consumer education is at the very foundation of consumer protection," Mr. Lefkowitz has called upon the schools to intensify their efforts to help our young people become alert and well-informed consumers. Educators have been challenged to strengthen their programs at all levels to provide renewed emphasis on various aspects of consumer education. We have accepted this challenge at the State level and have prepared these curriculum materials for an elective course. We hope you will find them useful in introducing or strengthening your program in consumer education.

As indicated in the acknowledgments, we have had the cooperation of many individuals who represented a wide variety of interests in the field of consumer education. To all of them we are indebted for their time and effort, and we hope that this publication reflects the balanced point of view to which we, as educators, must be committed. As always, we welcome your constructive criticism for use in improving this first attempt.

Walter Crewson

WALTER CREWSON
Associate Commissioner
for Elementary, Secondary
and Continuing Education

FOREWORD

Effective citizenship demands wise decision making in a number of areas, including those that involve how each individual spends the money he earns. The curriculum has always included material to help future citizens become better consumers. Teachers of social studies, business education, home economics, health education, and industrial arts have long contributed to the development of the necessary knowledges, skills, and attitudes of money management. There is, however, ample evidence to indicate the need for an elective course to be offered in grade 12 to serve as a capstone to all of the efforts of the school to better prepare citizens to be wise consumers.

The material which follows was developed to meet this need. During the 1966-67 school year our consultants and staff members conferred with authorities in the fields of consumer problems. The materials already prepared by school districts and universities in the consumer field were examined. The agencies of the Federal and state governments which provide information or protection to the consumer were asked to indicate the nature of their services. In many cases, these agencies also reviewed the material as prepared and made helpful suggestions.

As each unit was prepared it was sent to schools which had expressed an interest in consumer education. Likewise much of the material was reviewed by the outstanding nonprofit consumer organizations of the country. The reactions of those who reviewed the material were incorporated in the revised drafts. It is possible that wider use of the material over a longer period of time may suggest the need for further revision. In the meantime, however, it is felt that any school wishing to offer its senior students a practical course in money management will find sufficient material for a challenging experience.

The materials being distributed were written by a team of writer-consultants including Henry Bregman, Haaren High School, New York City; Gustave Mueller, State University at Albany; and David Schoenfeld, Lincoln High School, Yonkers. Hillis Idleman, Associate in Secondary Curriculum, supervised the work and prepared the final drafts.

Gordon E. Van Hooft, *Chief*
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SUGGESTIONS TO ADMINISTRATORS AND TEACHERS

- CONSUMER EDUCATION IS NOT A BUSINESS EDUCATION COURSE OR A HOME ECONOMICS COURSE, OR A SOCIAL STUDIES COURSE; RATHER IT IS AN INTERDISCIPLINARY COURSE WHICH AT BEST INVOLVES TEAM TEACHING AND TEAM PLANNING WITH AS MANY OF THE FACULTY INVOLVED AS POSSIBLE.

- A TEACHER WITH IMAGINATION, FLEXIBILITY, AND INGENUITY SHOULD BE ASSIGNED TO SERVE AS TEAM COORDINATOR AND ORGANIZER OF THE BEST THINKING OF THE GROUP.

- THE HAPPENINGS IN THE LIVES OF THE STUDENTS THAT HAVE IMMEDIATE CONCERN FOR THEM SUCH AS THEIR PURCHASES OF CARS, FOOD, COSMETICS, AND CLOTHING SERVE AS A GOOD STARTING POINT.

- THE DAILY NEWSPAPERS, BOTH LOCAL AND METROPOLITAN, AND THE ADVERTISEMENTS ON RADIO AND TELEVISION PROVIDE SOME OF THE BEST MATERIALS FOR DISCUSSION.

- THERE ARE NO FIXED BOUNDARIES AND NO BODY OF MATERIAL THAT MUST BE COVERED IN CONSUMER EDUCATION. THE TEACHER SHOULD FOLLOW THE LINES OF GREATEST INTEREST AND PROFIT TO STUDENTS.

- START WITH THE INTERESTS OF STUDENTS WHETHER THEY BE CONSUMER FRAUDS, SHOPPING HINTS, GYPS AND RACKETS, OR AUTOMOBILE PURCHASES.

- MEET THE NEEDS OF THE GROUP TAUGHT. A FACULTY TEAM SHOULD BE ABLE TO TAKE THIS EXPERIMENTAL MATERIAL AND ADAPT IT TO LOCAL NEEDS.

- USE A PROBLEM ORIENTED APPROACH TO CONSUMER EDUCATION, MOVING FROM ONE PROBLEM TO ANOTHER IN THE SEQUENCE IN WHICH YOUNG PEOPLE WOULD MOST PROBABLY FACE THESE PROBLEMS.

- LET THE CLASS DEVELOP SOME OF ITS OWN CONCEPTS; AS A RESULT OF ITS STUDY THE CLASS MAY DECIDE UPON ADDITIONAL OR DIFFERENT UNDERSTANDINGS.

INTRODUCTION

The Need for Consumer Education

Throughout America, consumer education is achieving growing importance in the educational scene. The revised social studies curriculum for the State of New York emphasizes the teaching of economic concepts from kindergarten through grade twelve. The New York State Education Department through its Bureau of Continuing Education Curriculum Development is developing study guides for out-of-school youth and adults to deal with various phases of this field. The importance of such endeavors is summarized by Mrs. Esther Peterson, Assistant Secretary of Labor and formerly Special Assistant to the President for Consumer affairs:

> Because the study of consumer education can teach our youth to use our wealth for enrichment of our national life wisely, it should have a place in all our schools. Teenagers are important consumers today. Tomorrow the same youngsters will be more important consumers - as heads of families. How they spend their money - whether wisely or foolishly - will be a factor in determining the success or failure of their marriage. In addition, economists say, how they spend their money will help determine whether our national life will be fashioned after the excellent or the commonplace.

Consumer education is not a stopgap; it is real education. If education seeks to prepare students to be well-informed citizens capable of meeting the problems of everyday life, then a complete education should prepare students to fulfill the important role of consumer.

Diversity and Flexibility

One of the distinctive marks of consumer education courses as they are developing in America is *flexibility*. This teaching guide should not be thought of as a prescription of areas to be covered· it is rather a suggestive guide. The needs of the students in a particular class, the material and human resources of the community in which a group is taught, and the *interests* of the students should be the starting point for the course. The *versatility* and *creativity* of the teacher will determine the success of the work. Some students in some classes may well study and profit from all the suggested areas and may indeed go much further into the economic theory. There are no fixed boundaries as to the content and no body of material that must be covered in consumer education. The teacher is free to follow the lines of greatest interest and profit to students.

Interdisciplinary Approach

Schools which are experiencing the greatest success in consumer education do not look upon it as a disparate offering. Rather, consumer education may well serve as a capstone to the sequential experiences in the economic area offered over the twelve year school experience. Equally important, it draws from and contributes to all the other educational disciplines. Where it has been offered successfully

there is a team-planning approach. The experiences to be offered in consumer education are considered by an all-school committee. Each subject area stresses appropriate learnings for consumer education. At its best, the integration of consumer education concepts is not limited to descriptive blending of subject areas together, but, is rather the functional fusing of ideas in different fields as a result of cooperative planning on the part of all the faculty.

Some schools have had remarkable success incorporating consumer education material and concepts into established courses. Students say that the consumer-oriented English classes have "made us question more" and "made us read between the lines." In social studies classes, students are taught the role played by governmental agencies in consumer protection. In science classes, the chemistry of gardening, water supply, cosmetics, radiation, and diet are consumer oriented. In mathematics, types of interest, loans, investments, discounting practices, insurance, and taxes are illustrations of areas covered. In industrial arts, students are taught how to evaluate commercially produced articles, to judge good design and workmanship, to be discriminating in the purchase of goods. In business education, the student learns both the producer's and the consumer's point of view. In home economics, students learn how to manage personal and family financial matters. As teachers become interested and involved in the interrelationships, many other practical opportunities to share in what is an all-school responsibility for consumer education will emerge.

Community Resources

Mention has been made of the fact that all of the faculty should be involved in planning consumer education experiences. Likewise, all community resources should be marshaled. There is a wealth of know-how in the fields of labor, business, and industry which in most cases is gladly contributed. As a concomitant value, it is often true that the greater the participation of these groups in the life of the school, the greater their interest in all phases of education. Parents who are engaged in business have a common denominator in the discussion of production, consumption, salesmanship, and value assessment. Labor leaders, businessmen, chambers of commerce, Better Business Bureaus, local, state, and federal consumers' protection agencies, industralists, and housewives - all can and will gladly share experiences and information with students seeking answers to the problems which they face.

The Discovery Approach

Probably no area of school experience better lends itself to the application of the discovery approach to learning than does consumer education. There are many motivating factors that tie in with the drives of the adolescent learner. With teenage girls representing 40 percent of all brides, it is not difficult to enlist the interest of high school girls toward finding the answers to the host of problems that marriage brings. Not the least of these is prudent money management. The innate urge of most boys to have a car easily leads into a discussion of problems of selection, cost of maintenance, consumer credit, insurance, etc.

Few projects can make students so sharply aware of the entrepreneur's role as actual engagement in business, even on the most limited scale. Let the class set up a school store. The raising of capital (through selling shares perhaps), the decisions as to what goods to handle, the purchasing, inventorying, selling, bookkeeping, and banking will allow students to find answers in a real life situation as no textbook learning could. In this bulletin will be described other examples of the use of the discovery approach, but the teacher's and pupils' own initiative will undoubtedly extend far beyond the examples given.

The method of instruction should encourage the pupil to discover for himself. Jerome S. Bruner of Harvard succinctly describes the values of the learning process motivated in this manner:

> Insofar as possible, the method of instruction should have the objective of leading the child to discover for himself. Telling children and then testing them on what they have been told inevitably has the effect of producing bench-bound learners whose motivation for learning is likely to be extrinsic to the task--pleasing the teacher. The virtues of encouraging discovery are of two kinds. In the first place, the child will make what he learns his own, will fit his discovery into the interior world of culture that he creates for himself. Equally important, discovery and the sense of confidence it provides is the proper reward of learning. It is a reward that, moreover, strengthens the very process that is at the heart of education--disciplined inquiry.

Nature of the Course

As the flow charts of the Social Studies program of the New York State Education Department indicate, economic understandings are introduced as early as kindergarten and are reinforced and expanded in subsequent school years. Recent revision of the social studies program now permits a wider choice of electives in the twelfth grade. Among the electives offered in grade 12 will be a course in advanced economics which will cover the generally accepted theories of economics in an abstract and analytical manner. It is expected that many college bound pupils will wish to secure a firm grounding in economic theory through this offering.

The companion course, designed primarily for the general student, will be the proposed course in consumer education. While the major objective is to help students make wiser choices in the use of their purchasing power, insofar as it is feasible those economic understandings will be taught which will help them to understand the nature of the American economy. While the course is designed for the noncollege pupil, it has been found that where effectively offered, such a course appeals also to the college preparatory student. Consequently, there may be some pupils who elect to take both economics and consumer education.

Almost two-thirds of all Americans, because of the increasing ratio of those under 25 years of age, have had no experience with widespread depressions, with a stock market collapse, or with catastrophic unemployment. Many young Americans are growing up in a period of easy credit where going in debt to

buy anything is a way of life. Too few young Americans realize that governmental powers to produce prosperity or prevent depressions are limited. Too many families find themselves gripped by a cycle where rising wages are never sufficient to meet rising costs for food, lodging, and debt, to say nothing of further education or saving. Also, in many cases, wage increases have resulted in more installment buying rather than paying off existing installment debt.

Consumer education is an imperative if people are to manage their money wisely, to avoid the tentacles of overpowering debt, and to understand enough about principles of production, consumption, and credit to be effective consumers.

Sequence of the Course

As pointed out, teachers will need to adapt the course to the interests and developmental stage of their pupils. However, it is suggested that the outline on the Contents page will tie in with the motivations of the group beginning, as it does, with the daily activities of the family in satisfying their needs for food, transportation, furnishings, clothing, and housing.

Credit and money management are involved in all these aspects of living. Those items of less immediate interest to high school students, but which still have importance, are investments and security programs, consumer law, and frauds.

Materials

Pupils should be encouraged to gather appropriate materials dealing with consumer problems. These materials should be kept in a loose-leaf notebook for their own use and for sharing with classmates. Perhaps the best single source of such information is the daily newspaper. The sections on business, advertising, and finance, as well as the actual advertisements, furnish a great deal of up-to-date information. Other materials such as advertising fliers received in the mail and clippings from magazines will also be of value. Ask pupils to be on the lookout for "gyp" schemes as well as for helpful information. The course will take on life and vitality as pupils discuss and analyze the thousands of appeals made to spend their money and the reams of advice on consumer behavior.

GENERAL PRINCIPLES OF CONSUMER PURCHASING

Introduction

In a market-type economic system, the consumer may be considered to be the most important factor in determining what goods and services will be produced. Natural and human resources as well as capital goods are allocated to meet the needs and desires of the consumer as they exist or as they may be created. The ability of the United States mixed capitalistic system to produce huge quantities of goods and services has raised the standard of living of the average United States citizen far beyond that of most of the rest of the world. This is true even though we may have rather large numbers of unemployed workers at certain times and in spite of persistent "poverty pockets" within our society.

To inform consumers and to stimulate them to purchase, American firms spend billions of dollars for advertising. Much of it is beamed at teenage and young married groups; together they constitute a large segment of all consumers. Almost half the population of the United States is under 21 years of age. Many of these young people are likely to make serious errors in purchasing - generally due to a lack of experience in the market place. The long term impact of these precipitate and uninformed consumer choices was expressed by President Johnson in a speech to the graduating class of the University of Michigan in June 1964: "For half a century we called upon unbounded invention and untiring industry to create an order of plenty for all our people. The challenge of the next half century is whether we have the wisdom to use that wealth to enrich and elevate our national life, and to advance the quality of our American civilization."

The decisions made by consumers in the market place will have a great deal to do with whether or not we realize such a goal.

In 1963 the nation's 22.5 million teenagers spent an estimated 11 billion dollars of their own money to satisfy their needs and desires. This explains why business constantly (and properly) woos their patronage through surveys of their interests and through advertising campaigns aimed specifically at this age group.

Outcomes - Help students to:

. Understand the motivations which stimulate consumers to purchase

. Recognize the role of consumers in the United States economy

. Identify and appraise various sales promotional devices used by business firms

. Understand the role of advertising as it affects consumer demand

. Develop effective techniques of consumer purchasing

. Know the private and public agencies that can help consumers

. Gain practical experience in the market place

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT MAKES US BUY GOODS?			
We are motivated by desires for: . physical well-being -appetite (food) -comfort and rest (labor-saving devices) -exercise (sports) -self-preservation (seat belts, safety devices) . creativity (do-it-yourself projects) . recognition (status symbols - acceptance by the group) . knowledge (formal education, books, magazines) . beauty (cosmetics, hair preparations) . recreation (TV, hobbies) . financial gain (sales, bargains, investment opportunities)	Ask parents and friends why they purchased specific items such as a car, stereo set, camera, or clothing. Tabulate the responses on a check list under types of motivations. Ask the students what factors influence them to purchase the specific goods they seek and tabulate these responses at the board. Compare the two lists. How does the statement "One man's meat is another man's poison" relate to the consumer? Have pupils write an advertisement in a form which would appeal to teenagers. Note the motivational device used. What effect do "easy credit" terms have on motivating purchases? Make a list of publications which appeal to special interest groups.	Parents, friends, teachers, salesmen. *Fundamentals of selling*, Wingate & Nolan. *Consumer economics*, Wilhelms, Heimerl, & Jelley. Ask a store clerk or display manager why people buy. How are their choices influenced by displays? By salesmanship of the clerks? By other factors? The consumer behavior survey now underway at Columbia University, New York, New York, should give an insight into attitudes and behavior of consumers.	There are motivations which most people hold in common; producers recognize the buying habits of large groups of consumers. Individual and family values influence buying habits. Needs and wants vary with individuals and families. Needs and wants may be influenced by social pressures and by advertising.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. [Let students suggest other motivational forces and add them to this list.]	*TV Guide, Popular Mechanics, Seventeen, Wall Street Journal, etc.*		
	Get prices of newspaper and magazine space and radio and television time. Why is it important that the space or time be carefully used?		Television is growing in importance as an advertising medium since it appeals to both the eye and the ear.
OUR DEMAND FOR GOODS IS STIMULATED BY:			
. Advertising techniques such as the appeals to: -conformity - to do what our groups do - leading to group buying (teenagers, lawyers, teachers, union members, etc.) -imitation - individual follows the crowd (testimonial ads, copies of original creations) -association - an idea tends to produce other related ideas. (A beautiful girl uses a	Have students bring to class several advertisements representing various advertising appeals. Indicate the appeal of each. Analyze several advertisements of the goods that you are "shopping." In what ways is the advertisement effective or ineffective? During a 30-minute period have students time the length of commercials on television. (If possible, use a stop watch.)	*Marketing, sales promotion and advertising.* Nolan & Warmke. Newspapers, magazines, radio, TV *Consumer economic problems.* Wilson & Eyster. *The hidden persuaders.* Packard, Vance. *Wooing the dimply, pimply.* Education Service Bureau, Consumers Union.	Advertising can be informative and helpful. Consumer demand may be stimulated by advertising and other promotional devices. Advertising adds to the cost of goods initially; yet it may reduce the cost in time by stimulating demand so that unit costs of production are lowered. An advertiser tries to "buy an audience." The value of the product, not the appeal of the advertisement, should be the major consideration.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
particular cosmetic - perhaps we will be beautiful if we use the same item) -suggestion - appeals to emotions and imagination. ("Imagine yourself queen for a day,") -intellectual appeal - logical reasoning -"snob appeal" (desire to excel, to be different)	Have several students act out a simple "commercial" in class. Ask if this is an effective advertisement. Would the students buy the product because of the commercial? Using the creative code of the American Association of Advertising Agencies as a basis, determine if the advertisements meet these standards. What can be done about firms who do not meet these standards?		
. Media such as radio, TV, newspapers, magazines, mail solicitation . Brand names, trademarks	Develop a "Consumers Guide to Advertising."		
. Packaging which is attractive, colorful, desirable, convenient	Have students bring to class an example of what they consider to be effective packaging. The characteristics of good packaging should then be derived. Construct a bulletin board display: "How advertising influences our choices."	Examples of good packaging to which pupils may have access. Read consumer information reports such as those published by Consumers Research, Consumers Union, Parents Magazine, and Good Housekeeping.	Deceptive packaging may mislead the consumer. Attractive packaging may stimulate sales, but it may also deceive customers. "It's what's inside that counts."

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Ask the advertising manager of a local paper to discuss the ethics that guide him in accepting advertising.	See or listen to advertisements for cars, cigarettes, cosmetics, etc.	

Creative Code of American Association of Advertising Agencies

"...we will not knowingly produce advertising which contains:

a. False or misleading statements or exaggerations, visual or verbal.
b. Testimonials which do not reflect the real choice of a competent witness.
c. Price claims which are misleading.
d. Comparisons which unfairly disparage a competitive product or service.
e. Claims insufficiently supported, or which distort the true meaning or practicable application of statements made by professional or scientific authority.
f. Statements, suggestions, or pictures offensive to public decency.

"Conscientious adherence to the letter and the spirit of this code will strengthen advertising and the free enterprise system of which it is part."

Adopted April 26, 1962

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Promotional devices -discounts, prizes, special displays, contests, demonstrations, special introductory offers	Have students bring examples of various promotional devices to class. Can the consumer benefit from the promotions? Why do businessmen use these devices? Students should examine displays in local stores and write a list of the various ways in which customers are "enticed" to enter.	Newspapers, magazines, radio, television, store advertising Direct mail advertising	A wise consumer may benefit by selective use of promotional devices. Many stores will sell some items at cost or less in order to attract customers.
-sales - penny (one-cent) or dollar, white, odds and ends, inventory, seasonal (Christmas, Easter, etc.) back to school, end of month, clearance, birthday, anniversary	Bring examples of sale advertisements. Students should examine the nature of the sale and decide what they must know in order to decide the true value of the merchandise offered.	Bureau of Consumer Frauds and Protection	It is more profitable for stores to dispose of unsold seasonal goods or perishable items at a loss than bear the cost of warehousing or spoilage.
-leaders - (loss) - items sold at, or below cost	Ask local storeowners why they sometimes put items on sale at a loss.		
-Welcome Wagon - discounts and services made available by business representatives for new residents	Contact the representative of Welcome Wagon in the neighborhood. Find out what she offers. Ask who pays her salary. Why? (A representative might be asked to come to class)	Representatives of Welcome Wagon	The goodwill created by a representative of local merchants in a home visit to families new to the neighborhood may more than pay the costs of her services. However, the consumer must indirectly bear these costs.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
-referral sales - (names of friends or neighbors secured from the customer)			
-trading stamps	Students should compare prices of goods in a store which offers trading stamps and in one which does not offer stamps. Have students check the catalog of a "stamp" company for the quality, variety, and style of merchandise offered. Then compare the price of an item in stamps with the cash price. Determine how much money must be spent to get $5 worth of merchandise with stamps. Do stamps increase the cost of goods? If so, are they worth the added cost? Have students check the newspaper and magazine clippings of the housewives' boycott of food markets (fall 1966). How effective were they?	Catalog of a "trading stamp" company *Buying yourself a present with trading stamps.* Consumer Bulletin, August 1962. *Trading stamps and the consumer's food bill.* Cat. No. A 1.82:169. Supt. of Documents. *Trading stamps and their impact on food prices.* Cat. No. A 1.82:295. Supt. of Documents.	Trading stamps are a promotional device. The consumer is paying for "free gifts" of a trading company.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT SHOULD YOU CONSIDER BEFORE YOU BUY ANYTHING?			
. Do you need or want this article more than other goods or services costing the same?	Class discussion should be directed toward making students aware of the basic questions that need to be answered before they decide to buy any goods.	Class discussion.	Think before you buy.
. Will this article or service satisfy your need?	Examine the yellow pages of the telephone directory to locate goods and services.	*Effective shopping*. Nat'l. Assn. of Secondary School Principals.	Some things are of more value to you because they are available at a time when you need them. Others gain value by being in a more usable form. Still others gain value to you by being available at a convenient place.
. Where can you obtain the item you wish?	Using mail order catalog "shop" for accessories for your room, your car, or your home.	*What the consumer should know about buying foods*. Pioneer Woman Publishing Co.	Need represents a necessity for goods or services.
. Are you getting your money's worth?	Ask a merchant or sales person to speak on "Tips for the wise shopper."	*Be a good shopper*. U.S. Department of Agriculture, Federal Extension Service, Division of Home Economics. Superintendent of Documents.	Want represents a desire for goods or services.
. Is this the right time to buy?	What makes an item seasonal? Give examples.	*Did you know you were signing a contract?* Dec. 1956 (free)...*How to spot a bargain*. March 1956 (free)...*99 new ideas on your money, job, and living*. 1961. Changing Times, the Kiplinger Magazine.	The cost of a particular item forecloses alternative opportunity to enjoy other goods and services which could be purchased with the same money. (The principle of opportunity costs)
. Is the item in a form in which you can use it?	Can you save money by finishing the article? (furniture, etc.) Have you the ability to finish it?	*Most for your money*. McGraw-Hill Text Films.	Cost and quality comparison may save the consumer money.
. Is this the first article you should buy? (priorities in needs must be established)			
. Could you make the article you need yourself?			

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Ask students to prepare a list of the different ways they might spend $25. Which article is needed first? Which would yield the greatest satisfaction? The class may be organized into small committees to discuss the important needs and desires of each participant. The needs and values of each group may then be evaluated by committee reports to the entire class. Have the class discuss the satisfaction and savings (if any) from making articles themselves (clothing, draperies, furniture, etc.)	*Economics and the consumer.* pp. 8-11. Joint Council on Economic Education. *Vocational education in the next decade.* p. 157. U.S. Department of Health, Education and Welfare.	Planned spending helps individuals fit purchases into long range plans. Human resources may extend real income. Each family member may contribute his abilities to the family welfare.
WILL THIS GOOD OR SERVICE SATISFY YOUR NEEDS AND MEET YOUR STANDARDS? Establish criteria for buying, e.g., . Is it durable? . Is the style appropriate?	Each student should list the standards he has established for buying goods. These standards should be examined and common factors noted.	*Consumer reports.* Consumers Union. *Consumers bulletin.* Consumers Research.	The ability of a good or service to satisfy is its utility. A consumer should get satisfaction as a result of using goods or services.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Is workmanship satisfactory? (well-made, sturdy, etc.) . Is the material of good quality? . Is reliable service available? . Will you enjoy owning it? . (Other specifications)	Present the class with an advertisement showing several rooms of furniture offered for sale at a low price. Does this furniture meet the standards set by individual students and/or the class? Might it be better to get less furniture of better quality and higher price?		Each person must make his own economic decisions based on his own personal standards.
WHERE CAN YOU OBTAIN THIS GOOD OR SERVICE?			
Retail outlets: . chain store . independent store . independent but associated with a chain or enfranchised	Compare the price of a single item in each of the major types of retail stores. To what extent do they differ? Which offers the best selection, service, warranty, etc? Check mail-order catalogs (Sears, Wards, Spiegels, and others) for comparative shopping information about price, specifications, etc.	*Your shopping dollar.* Household Finance Corp. Money Management Institute. Local newspapers Television and radio advertising Billboard advertising Mail advertising "Word of mouth" news of good buys	Retail outlets vary considerably with regard to prices charged, services rendered, quality of merchandise, warranty policies. The alert buyer needs to familiarize himself with various sources of supply. The purchaser of goods and services can make only tentative decisions regarding desirable firms with which to do business. Experience will tell if he has selected the "right" firm for his purposes.
Types of retail stores . discount	Would you buy sporting goods in a local sports shop or in a department store? Why?		

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. variety . department . specialty Non-store retailers . mail order . door-to-door salesmen	Visit several types of retail stores and make a brief list of the categories of merchandise offered. Which type of store would be best for specific items? (Example, clothing, appliances, tires, etc.) Discuss the advantages and disadvantages of buying from a door-to-door salesman, a mail order house, a solicitation by mail, etc.		
Consumer cooperatives formed by consumers to purchase goods and services at favorable prices for members	Invite a consumer cooperative representative to explain the operation of co-ops.	*What is a co-op? Why co-ops? How do they work? The important fact about a co-op.* Cooperative League of the U.S.A.	Consumer cooperatives are owned and operated by their members for the common good of the members.
Check retailers for: good management policy, reliability, courtesy, cleanliness, good quality merchandise at a fair price, pleasant atmosphere, convenient location, available services, delivery, mailing, parking, convenient hours, credit available (credit cards, charge accounts)	Invite a public relations person from a department store or visit a store. List the services available. Pool the information with other students and report to the class on your findings. Debate Pro and Con - "You should patronize your neighborhood store."	Manager or public relations representative of a retail store. *Modern economics.* Wronski, Doody, & Clemence.	The services, conveniences, and policies available in stores often determine the place of purchase. Services and conveniences available to the consumer may add to the cost of the merchandise. There are advantages and disadvantages of dealing with each form of business.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Will I get better service from an individual proprietorship? A partnership? A corporation? Why?	Discuss the reason why many people will shop in a small "one man" store even if the price may be higher.		
WHERE CAN YOU GET HELP TO MAKE A WISE CHOICE IN SELECTING A PRODUCT?			
. *Consumers Bulletin* (and *Annual*) Consumer's Research, Inc. . *Consumer Reports* (and *Buying Guide Issues*) Consumers Union of U.S. . *Good Housekeeping* . *Parents Magazine* . *Changing Times*	Examine copies of *Consumers Bulletin* and *Consumer Reports* and *Annuals* for specific information about the products they are testing. Are these publications of value? If you were a businessman, how would you react to having your product tested by these consumer groups?	Sample copies of *Consumer Reports, Consumer Bulletin, Changing Times, Parents Magazine,* and *Good Housekeeping.* *Facts for consumers-food standards.* Supt. of Documents. Representatives of consumer magazines.	Independent analysis of goods is available from several sources. Consumer organizations provide information concerning quality and serviceability of tested products. Approval by a consumer research organization does not necessarily mean that a product fits your particular needs. Products may be compared in terms of quality, price, and service.
WHAT ARE STANDARDS OF QUALITY?			
Underwriters Laboratories Inc. (UL) sets standards in regard to fire or	Write several companies that advertise statements of tests made by	Literature from the testing associations.	Many industries have established their own standards.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understanding
accident hazards. This approval does not necessarily apply to the function of the appliance but rather to the safety factors.	independent laboratories asking about the name of the testing laboratory, the method of testing, etc. How reliable do you feel such tests are?	Catalogues from: Sears, Roebuck, Montgomery Ward, Speigels, etc.	Reliable manufacturers and retailers stand behind their products.
American Gas Association (gas products) . Blue Star - basic standard appliance . Gold Star - basic standard appliance with convenience features	Discuss the significance of the various quality standards. Write to one or two of the associations that utilize "seals" and ask what standards are used.	*A consumers guide to USDA services*. 20¢ Supt. of Documents.	Consumers need to know the quality of the merchandise required for its intended use and how to make their needs known to merchants.
American Institute of Laundering - fabric standards	If possible, visit the testing laboratories of Consumers Union, Consumers Research, or Good Housekeeping Institute.		Guides of consumer information vary in quality and disinterested opinion.
Nema Seal - standards of National Electrical Manufacturers Association (air conditioners, refrigerators, water heaters)	Correspond with *Parents Magazine*, *Good Housekeeping*, *Family Circle*, *Woman's Day*, and other publications which have articles evaluating products. Determine the standards which govern "seal" awards. Can magazines which accept advertising be objective?		

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
ARE YOU A GOOD SHOPPER?			
. Do you plan when to buy, what to buy, and where to buy? . Do you make a shopping list so that needed items will come ahead of extras? . Do you think of the use of the item? . Do you compare prices and quality? . Do you use all the help available from grading, labeling, advertising, etc.? . Do you avoid impulse buying?	Make a list of needed goods before shopping. Plan in terms of what you already have, what you need, the price you are prepared to pay. Decide on the time the article will need to last, how you will use it, what care it will require. Become familiar with common grades. Look for government grade and inspection seals. Compare guarantees. Gather examples of "bait advertising" and discuss them. Ask your parents how much they spend in food stores in a week. Calculate the average weekly expenditures on food as a percent of total net income. Can this amount be decreased? If so, how?	*Be a good shopper*. Supt. of Documents. Government bulletins Advertising Periodicals with consumer articles. Better Business Bureau Articles on consumer topics from such magazines as: . *Readers Digest* . *Ladies Home Journal* . *McCalls* . *Redbook* . *Good Housekeeping* . *Parents Magazine* *Myths of the market place*. Advertising Women of New York Foundation, Inc. *What housewives want to know about packages*. General Foods Kitchens.	Thoughtful preparation is essential for wise buying. "Look before you leap." Government grades and labels give helpful information. Advertising is helpful in decision making both for what it says and what it does not say. The complaint of a consumer may bring about correction. Consumers have power to influence prices and merchandising policies. Smart shoppers shop for best buys. They compare quality and price.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Set up purchasing problems involving the intended use of merchandise. By committees, solve such problems as: . shoes to buy for growing children . tires for city or high speed driving . clothing for recreational use		
AM I GETTING MY MONEY'S WORTH?			
Packaging problems . difficulty in reading sizes and ingredients through liquid or cellophane, inconspicious location, small print, color combination making reading difficult . deceptive packaging -recessed ends -slack filling . irregular measures making comparison difficult	Students should carefully check and evaluate the product they are buying. Have students bring to class several brands of common canned vegetables and try to calculate the price per ounce. Compare the per ounce price of the various sizes of different brands of a product. (cereals, soaps, etc.) Ask your parents if they compare price per ounce. What are the problems in doing this?	*Buyer be wary.* Margolius, S. Public Affairs Pamphlet, No. 382. *Using standards and labels.* National Association of Secondary School Principals. *It's what's inside that counts.* Industrial Union Department, AFL-CIO. *Consumers want to know.* 20 minute film. Consumers Union Film Department. *Wise buying.* 11 minute film. Coronet Instructional Films.	Effective packaging can sell goods. Per unit price comparison will help to get the least expensive item. Size descriptions are some-misleading. Concerted pressures by consumers can bring about legislation to change marketing practices. The principle of *caveat emptor* (buyer beware) will always apply to some extent even with tighter laws.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. descriptions such as "giant," "jumbo," or "super" may be misleading	What meaning does the following statement have in relation to packaging? "Never judge a book by its cover." Write to a manufacturer or canner and ask why his company uses an irregular sized package or one with fractional ounce contents. Role play a situation of consumer questioning the packaging to an official of the company. Discuss the added costs to consumers of fancy and unnecessarily expensive packaging. Check the progress of "truth in packaging" laws in Congress and in the state. What are the advantages of such laws? The problems in drafting them? Why have legislative groups been slow to pass such laws?	Newspapers such as the *New York Times* and *Christian Science Monitor* have been featuring articles on consumer problems. Fair Packaging and Labeling Act of 1966. Federal Food, Drug, and Cosmetic Act as amended. *Look for that label.* Supt. of Documents.	The Fair Packaging and Labeling Act was strongly supported in the Congress by consumer interests. One of the Act's mandatory provisions is "that the new quantity of contents be separately and accurately placed at a uniform location on the principal display panel." This will aid the consumer in making per unit price comparisons. When necessary to prevent deception or to facilitate value comparisons, FDA will prepare regulations establishing standards for "large," and "small," and "economy" sizes of packages, and regulating, but not prohibiting "cents-off" and other bargain promotions.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Labeling . Labels should not be false or misleading, . Limitations of use of contents should be designated, . Hazards of use of contents should be noted, . Ingredients should be shown in order of predominance, Drug labels . Directions for use must appear, . Warnings must appear, . Meaning of U.S. Pharmacopeia and the National Formulary (NF) Labels may be helpful to the consumer - . Good labeling indicates quality, standards, and grades or serviceability,	Discuss the reasons for requiring the label on foods, drugs, and cosmetics. Compare the prices and ingredients of various headache remedies. Which appears to be the best buy? Why? Is there a need for standardizing grades so that they are more easily understood and have greater meaning? Set up committees to check on the following: . "lines" of tires (standards considered - not as yet established) . grades of beef . grades of poultry and eggs . standards for jams, jellies . standards for butter and oleomargarine . grades of carpeting . standards for fuel, oils, and gasoline . determine the meaning of labels on shirts, blouses, dresses	Some companies furnish sample labels for class discussion. From this or other sources, make a collection of labels. What do they tell? Is helpful information omitted? *Shopper's guide to U.S. grades for food*. Cat. No. A-1. 77: 58/3, U.S. Dept. of Agriculture, Supt. of Documents. *Consumers all, the yearbook of agriculture*. 1965. Cat. No. A-1.10:965, Supt. of Documents. *Facts for consumers -- food standards*. FDA Pub. No. 8. Supt. of Documents. *How safe is our food?* FDA's Life Protection Series. Supt. of Documents. (This is a new curriculum resource guide which covers the FDC Act as it relates to food, and includes food standards.)	A label on a product can be of considerable help to a consumer. Standards have been established for many food products. U.S. food grades can be a guide to good buys. Unfortunately for consumers, U.S. grades appear on only some items such as fresh meat and some processed fruits, vegetables, sauces, etc. Many drug products have similar ingredients regardless of "trade" names. All branches of government can play an important role in consumer protection. Labeling may help the consumer to determine: . a description of the goods . facts regarding quality . identification of quality . grade of product . standards or other qualifying information

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Standards Both the Federal government and industries set up standards. A standard is a unit of measure, or of performance or quality. . Ex.-octane rating of gasoline . thermal units of heat . neck size and sleeve length of shirts . degree of purity of foods and drugs	. what do labels tell about shrinkage? wear? color fastness? fiber content? . what do labels not tell?	*Your food dollar*. Money Management Institute. Household Finance Corporation.	For most consumers, standards, grades, and labels are confusing.
	Set up a study of consumer buying habits. Watch people buying. Do they seem to know what they want? Are they "impulse" buyers? Ask them what influenced them to buy. Report the results to the class.	Tire dealer Manager of meat department	Legislation to protect and inform consumers will pass only if enough consumers express their concern.
		Fuel oil or gasoline wholesaler	Increasing consumer interest and concern is reflected in the attention being given to consumer problems in the press, on the air, and in legislative halls.
Grades Where more than one quality of a product is available, grades designate from the best to the poorest quality. For example, meat is graded U.S. Prime, U.S. Choice, U.S. Good, U.S. Standard, U.S. Commercial, and U.S. Utility; four grades of butter are recognized - Grade AA (not grade A) is the best.	Hold a panel discussion about the lack of uniform designations of grades. For example, there are two groups of government grades, one for consumers and one for use at the wholesale level. Should consumers press for uniform grade designations?	Produce manager or store buyer Department store buyer Manager of clothing store Newspaper columnists who help inform consumers with articles such as *Before you buy*, *Consumer's question box*, and others. (See your local newspaper. If there are no helpful columns, express your interest to the editors.) *Making the most of your money*. *Making your dollars buy more in the supermarket*. Educational Division, Institute of Life Insurance.	The "Truth in Packaging" Law recently passed by Congress is a result of consumer demand for reliable information. Further legislation will be enacted if sufficient consumer interest indicates the need.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE WARRANTIES AND GUARANTEES?			
. Expressed warranties are those stated by the seller in oral or written fashion. . Implied warranties are those not stated but which might reasonably be expected of the product. These usually include title, fitness for purpose, fitness for human consumption, conformity to description, correspondence to sample, and merchantibility (fitness for use). . "Lifetime" guarantees	Discuss a recent court ruling that said: "Ordinarily the word guarantee or warranty is incomplete unless it is used in connection with other explanatory words. To say a product is guaranteed is meaningless. What is the guarantee? The answer to this question is all that gives meaning to the word 'guaranteed'." Have pupils bring in examples of warranties or guarantees. Check for the following in each guarantee: . Does it guarantee the whole product or just a part of it? What part? . Does it guarantee what it will do? What it is made of? How long it will last? . For how long does the guarantee last? . How will the guarantor perform? Does he undertake to replace or refund in case of defects or failures?	*Guides against deceptive advertising*. Federal Trade Commission. Local Better Business Bureau Consumer Liaison Officer, Federal Trade Commission. *The facts you need before you buy in 1967*. Consumer Reports. Consumers Union. (pp. 390-391) *The consumer and his dollars*. Schoenfeld & Natella. (pp. 325-330) *Consumer economics*. Wilhelm, Heimerl & Jelley. (pp. 375-385) Ask a tire dealer to show his procedures for determining replacement cost on the basis of wear.	Warranties and guarantees are promises of performance of quality of goods or services. Guarantees are meaningless unless the terms of the guarantee are described. Consumers should be sure they understand what the guarantee covers and what it does not cover. Consumers have power to press for legislation for more meaningful guarantees if some present guarantees are meaningless. The public really pays for goods returned for refund which are not defective but are covered by a guarantee. The merchant must recoup his losses through higher prices for goods sold which are not returned.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Discuss guarantees on a pro rata basis. Show what part of the replacement cost the consumer must bear for each time interval of use. What do "lifetime guarantees" without qualifying terms mean? If a guarantee is given of "satisfaction or your money back," what responsibility does the consumer have? Should he return the purchased item simply because he has changed his mind?	Reprints from Consumers Research. .*Package designers use many techniques in packaging and labeling to deceive the customer.* .*Don't be gypped by mail-order firms - better check before you send money to a strange company.* .*Put your complaint in writing.* .*You can't really get it wholesale.* *Don't you believe it.* Schlink & Phillips. *100,000,000 guinea pigs.* Kallet & Schlink. (Published in 1933 but of value as one of the pioneer books in this field.)	Consumers have a responsibility not to abuse the privilege of return of merchandise for whimsical reasons. Many states have established consumer fraud and protection agencies to help consumers secure their legal rights if merchandise does not meet implied or expressed warranties.
WHAT DETERMINES THE PRICE OF A PRODUCT? Influence of market . supply - the amount of goods available for sale at a given time	Ask a local merchant (grocer, shoe repairer, gas station owner) why he changes prices.	*Economics and the consumer.* Joint Council on Economic Education. pp. 10-11.	Free competition tends to result in efficient production and lower prices.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. demand - the desire for goods and the ability to pay for them . price - the exchange value of goods and services stated in terms of money Other factors . fair trade laws and other government regulations . monopoly situations - growth of big business . growth of strong unions . taxes . competition among sellers in price and non-price areas Influence of costs of production . fixed costs rent, insurance, taxes, physical plant, depreciation, etc. . variable costs material, labor	Using s=supply, d=demand p=price, complete the following formulas: s ↑ d ↓ = p? s ↓ d ↑ = p? s → d ↑ = p? Is price an accurate measure of value? Ask students to bring examples that prove or disprove their answer. Bring examples of items priced under fair trade laws. Why were these laws passed? How do they affect the prices consumers pay? Ask a gas station owner how much gasoline prices may vary. Why? Discuss the advantages or disadvantages to the consumer in having additional features in a product (dials that light up, etc.) as opposed to possible lower prices. Compare the basic prices of the major automobile manufacturers. In what ways do they compete?	*Teachers guide to developmental economic education program*. Calderwood, J.D. Joint Council on Economic Education. pp. 14-20. *Consumer economics*. Wilhelms, Heimerl, & Jelley. pp. 159-166. *Money management - your shopping dollar*. Household Finance Corporation. Daily newspaper (compare costs of food at different markets) *Economic indicators*. - (found in school or local library). Study the charts of consumer prices. *Consumer economic problems*. Wilson & Eyster.	Supply and demand determine prices in a free market system. Price alone is seldom a completely reliable measure of value. Many firms compete in terms of improvements, services, and other forms of non-price competition. A monopoly situation tends to result in higher prices and may result in less efficient production. Changes in prices are the main regulators of economic activity in the U.S. If prices rise, sales will normally decrease and the quantity offered for sale will increase; if prices fall, sales will normally increase and quantities for sale will decrease. Prices also must be weighed in terms of the consumer's disposable income. If his income goes up, the consumer is usually willing to pay higher prices.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. selling price = costs plus profits in a market situation	Have one student acting as a businessman and another as a consumer discuss a "fair return." What would happen if a businessman sold his goods at cost - without a profit? Discuss the following: If the costs of production increase, the price of the good also increases. How does a sales tax affect prices and sales? How can the government affect prices through control of wage rates? By market controls? By inflation or deflation?		Business is entitled to a fair profit in return for managerial skills and the risks involved just as labor is entitled to a fair wage for its services. The profit motive is the incentive which encourages producers to produce. The profit difference between costs and the selling price in the income earned by entrepreneurs. The price system is one in which the individual exchanges his labor for the goods and services he needs through the medium of money.
HOW CAN THIS INFORMATION BE USED IN BUYING GOODS?			
. After "fixed" costs are paid by the firm's regular production, the only additional cost is the variable cost.	Is it true that "You get what you pay for"? In view of the current market situation with regard to color TV's, is it wise to buy now or later? How will your decisions affect the price?	*Economics and the consumer.* Joint Council on Economic Education. pp. 14-16.	Profits will be increased or losses will be reduced as long as the price exceeds the variable cost for each additional item sold. Newly introduced items tend to have high costs and high prices.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. The firm can sell additional production at a reduced price. . If possible, purchase goods when the demand has decreased and the supply has increased. (a buyer's market) . Competition between businesses may provide attractive bargains for the customer. . Demand for some goods may be so great that sales increase in spite of rising prices (Color TV's, popular clothing styles, etc.)	Discuss the advisability of buying last year's television, camera, or other item as opposed to the latest model. Ask a local milk salesman how price changes have influenced the demand. Discuss how an increase or decrease in price can influence demand of such products as appliances, jewelry, radio, etc.		New products often have "bugs." The demand for some products will not vary even if the price does. The demand for some products will vary even if the price does not. Competition does not always decrease prices. It may be aimed at shifting buying habits from one product to another. (detergents, cigarettes, beer, etc.)
IS THIS THE TIME TO BUY THE PRODUCT? Considerations: . Do you have the money now? . Will it be cheaper at another time? . Is the style or fashion appropriate?	Carefully examine merchandise on sale. Try to determine the reasons why it is on sale. Is it outdated? Soiled? Of poor quality? What are some difficulties of determining whether there are real bargains?	Representative of retail store owner. *Applied business law.* Fisk & Snapp. pp. 215-226. *Consumer economic problems.* Wilson & Eyster. pp. 529-546.	Excessive time spent in shopping increases the "price" to the consumer. A consumer must know the nonsale price of an item to determine the validity of the sale price.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Do you have the time and energy to make a wise selection now? In considering sales, it is wise to know: . the store's sale policy . that the first day usually has the widest selection of goods . that the last day may have the best bargains as the store wishes to dispose of the merchandise . that there may be costs for cleaning and repairs . whether the goods are seconds or irregulars . whether guarantees and warranties apply . if it is a genuine reduction from the original price	Check the quantity and price of goods available on the first and last day of a sale. Write a department store for a statement of policy regarding store sales. Invite the sales representative of a store to class. Prepare a series of questions regarding sales. Ask a local store salesman what "as is" merchandise is. What happens if the goods are actually defective? Check the price of the goods in which the students are interested before and during the sale. Check with sales personnel to determine if there is any seasonal fluctuation in price. Discuss the following quotation from Thomas Jefferson: "Never buy what you do not want because it is cheap. It will be dear to you."	*Do you really get what you pay for?* Better Homes and Gardens. Nov. 1966. p. 7.	An item may be a poor bargain if the consumer cannot afford it. Seconds or irregular items may serve specific uses. Great caution should be exercised in buying goods that should have a warrantee and do not have one during a sale. Merchandise sold "as is" or "without fault" should be checked for possible defects. Seasonal factors can affect the price of goods.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. whether the goods are part of the regular line of quality merchandise or a cheaper line brought in for sales purposes . whether merchandise is sold "as is" or "without fault" . whether there is a "no return" policy			
WHERE CAN THE CONSUMER GET HELP IN CASES OF POSSIBLE FRAUD?			
State Agencies . Department of Law Bureau of Consumer Frauds and Protection -offices in Albany, Auburn, Binghamton, Buffalo, New York City, Plattsburgh, Poughkeepsie, Rochester, and Syracuse Anti-Monopoly Bureau Bureau of Charity Frauds and Compliance	Read specific cases of people who have been defrauded. How can the Department of Law protect individuals? Find the address of specific places where help may be secured if dissatisfied with a product. Role-play a situation in which the retailer's attention was called to a product which did not measure up to claims.	*A reference book of state services to the consumer.* N.Y. State Government Department. *Your abc's of careful buying - a ten point guide for the careful investor.* (available in English and Spanish edition) N.Y. State Department of Law, Bureau of Consumer Frauds and Protection. *Consumer information sources.* Women's Program, New York State Department of Commerce.	The consumer is given some protection by laws and government agencies. Reliable manufacturers and retailers stand behind their products. Public interest and co-operation are necessary for promotion and enforcement of laws which protect the consumer. "There is hardly anything in the world that some men cannot make a little worse and sell a little cheaper,

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Department of Commerce Women's Program Newsletter - consumer education programs . Department of Agriculture and Markets Enforces food standards, tests products, verifies weights and measures, etc. . Banking Department Controls interest and other charges from all legal lenders	Bring to class merchandise which has proved to be unsatisfactory. Examples: dishes that chip easily, clothing that shrinks or frays, gasoline additives that failed to meet claims of performance. What steps can be taken to rectify the situation?	*Wholesale? discount?* Pamphlet No. 7. Better Business Bureau. *Consumer protection.* 11-minute film. Coronet Instructional Films. Department of Agriculture and Markets *Know your rights when you're buying on time.* N.Y. State Banking Department.	and the men who consider price only are such men's lawful prey." -Ruskin Any person who feels he has a legitimate complaint involving the financing of a retail installment purchase of consumer goods and services may send a written complaint outlining all the pertinent facts involved to the Superintendent of Banks, 100 Church St., New York, N.Y., 10007.
Federal Agencies . Special Assistant for Consumer Affairs (White House) - special consumer interest agency . Food and Drug Administration - insures the safety of foods, drugs, devices, cosmetics, and the effectiveness of drugs; regulates the packaging and labeling of these products.	Discuss the protection available through federal protection agencies. Write the Special Assistant for Consumer Affairs (White House, Washington, D.C.) to ascertain how that office may help the consumer. Invite a representative of the FDA to discuss the various services available through that agency.	*Consumer economic problems.* Wilson & Eyster. pp. 136-139. *Advertising alert and news summary.* Federal Trade Commission. *Consumer economics.* Wilhelms, Heimerl, & Jelley. pp. 398-412. *How the FDA works for you.* FDA Pub. No. 1. Single copies free. Food and Drug Administration.	Cooperation and public interest are necessary for the enforcement of laws which protect the consumer. The Department of Agriculture and the Food and Drug Administration play a major role in protecting the consumer by: . regulating food additives . regulating pesticide residues . regulating labeling practices for certain types of food

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Federal Trade Commission - insures maintenance of free competition and acts against unfair or deceptive trade practices. . Post Office - prosecutes those who use the mails for fraudulent purposes. . Department of Agriculture - furnishes inspection, research, and publications		*Dr. Quack's clinic.* 40 color slides on quackery with script. Photo Lab, Inc. *Mail fraud bulletin.* U.S. Post Office Department. *A consumer's guide to USDA services.* U.S. Department of Agriculture.	. setting standards that describe what certain foods must consist of, what the quality must be, and how full the containers must be.
Fair Trade Laws - the Federal government enforces agreements between manufacturers and sellers to fix retail prices validated by Miller-Tydings Act (1937) in states where fair trade laws were passed.	Organize a debate with several businessmen and consumers. Should fair trade acts be repealed? Discuss the report of the President's Consumer Advisory Council, *Consumer's Issues, '66,* criticizing the automobile and home-repair industries, and credit practices.		Fair trade acts eliminate ruthless price competition. Fair trade laws violate the principle of open competition. Fair trade laws raise the prices that consumers have to pay.
Local and county agencies . Local health officials	Invite local or county officials to discuss ways in which their agencies help to protect the consumer.	Local officials . Postal inspector . District Attorney . Market inspector . Sealer of weights and measures	Consumers have many community resource agencies to whom they may turn for help if they suspect unfair or illegal practices.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Local weights and measures or market inspector officials . New York City agencies - Dept. of Markets - Dept. of Health - Dept. of Licenses - District Attorney - Small Claims Court	Arrange to visit court when a case of alleged short weight or measure or other consumer problem is on the docket. Ask a representative of the New York City Department of Markets to discuss the functions of this department: . testing of scales; testing of commodities sold by weight, measure, or count . check on weight or measure of fuels . inspection of foods for adulteration, misbranding, or mislabeling . investigation of misleading advertising of a commodity . inspection of "Kosher" food establishments What help can the Dept. of Markets give a consumer who feels he has been unfairly treated?	. Local health officer . Judge of Small Claims Court . Local office of Food and Drug Administration	
Private sources of aid . Better Business Bureau	Write the local Better Business Bureau for information of how it can	Better Business Bureau of Metropolitan Boston, 52 Chauncey Street,	Businessmen have set up organizations to help regulate their own industries.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Legal Aid Society . Lawyers . Local Chambers of Commerce . Individual companies	help the consumer. Obtain a list of "Fact" booklets. Determine who supports the bureau. Why do businesses support the BBB? Contact the local Legal Aid Society Association to learn how it may be of help to the consumer. Investigate the resources of the local Chamber of Commerce and determine how it can be helpful. What does *caveat emptor* mean? Give examples. In what way is *caveat emptor* the best protection for the consumer? Contact the Consumer Affairs Councils now being organized in various cities by the local Better Business Bureaus. Investigate the ways they serve as clearing houses for consumer complaints.	Boston, Mass. offers eight leaflets for $1 as follows: . *Facts you should know about buying new or used cars.* . *Earn money at home.* . *Home study courses.* . *Facts about your legal problems.* . *Your credit.* . *Buying or building a home.* . *About borrowing.* . *Facts about jewelry.* *Consumer economic problems.* Wilson & Eyster. pp. 99-109. *Tips clearing house.* - Facts you should know on how to shop and choose articles. Sponsored by the National Association of Manufacturers.	Many companies have public relations personnel whose job it is to handle consumer problems. By securing product information, consumers can make wiser choices of goods. As a result of legislative and consumer pressures, and a realization that it is also in their own best interests, business and industry are taking steps to eliminate misleading advertising claims and vague or meaningless warranties.

PURCHASING FOOD, CLOTHING, FURNITURE, AND APPLIANCES

Introduction

Most consumers spend a greater percentage of their income for food than for any other commodity or service. Wise food management calls for skill in buying, preparing, and serving foods which are both appetizing and nutritious. A prudent shopper knows how to judge the quality and price of food and how to use the grades, labels, and the available consumer helps. The health, the pleasure, and the pocketbook of the family are affected by the skill of the home food manager.

Clothing, furniture, and appliances constitute some of the very basic needs of any individual or family. Aside from food and shelter (and possibly a car) they are the major concerns of consumers. A large portion of personal disposable income is expended on clothing for the consumer and furnishings for the home. Careful consideration must be given to purchases of these items because many of them are durable (longlasting) goods which the consumer will have to live with for an extended time. There are great varieties in value and service furnished by goods in each of the three categories: clothing, furniture, and appliances. In many cases, choices are difficult and require technical knowledge beyond the competency of most consumers. Reliance must be placed on recognized sources of information, recommendations, and the experience of those who have used the products.

Clothing is an important status symbol. What we wear does much more than keep us warm. Clothing gives us pleasure, serves as a means of display, and advertises our tastes, style, and social position. Clothing and grooming play important roles in today's society. Fortunately, clothing which is both attractive and functional is being produced at all price levels. An individual can dress well even though he may not have much money. On the other hand, some people spend large sums of money on clothing and fail to appear well dressed. Hence, prime emphasis should be placed both on careful planning before spending, and subsequently, on taking good care of what is bought. A good wardrobe does not have to be large. It should, however, provide suitable wearing apparel for the variety of activities that are part of our living pattern. In buying garments, we should consider the clothing requirements of our job first, and then satisfy our clothing needs for social and recreational purposes.

Consumers in the market for furniture should first develop an overall plan of what their total needs are in this field. Then each piece of furniture selected can be chosen to fit into the total plan in harmonious fashion. Since furniture is durable and may be expected to serve for twenty years or more, the selection of goods which will continue to give satisfaction and pleasure over a number of years is most important. Hence, the consumer will want to select furniture of good quality and appropriate design. Since, however, few of us have adequate knowledge of woods, fabrics, finishes, design, and hardware, the selection of the right furniture may be a risky and difficult task unless help from those with knowledge in this field is secured. Some general advice may be secured from government publications such as the volume *Consumers All - the 1965 Yearbook of Agriculture* but probably the best protection so far as durability and quality of construction are concerned will be to deal

with a merchant with a reputation for fair dealing and honesty.

The purchase of an appliance depends upon a number of factors. *The Yearbook of Agriculture* suggests the following: Will it make homemaking tasks easier? Will tasks be performed more effectively? Will the home be safer? More livable? More enjoyable? Will it save energy and permit more creative activities than are now possible?

On the other hand, consider whether the appliance is really needed, whether it is better to save the money or to use it for another purpose.

If the decision to buy is in the affirmative, and if the consumer can afford the appliance, the next question is that of selection of the right model and make for the intended use. Appliances are generally considered "blind" items in that it is literally impossible for most consumers to make valid comparisons when examining the glittering array of modern appliances with all the many claims made for each. Buying appliances is a highly subjective matter which involves considerations of convenience, status, and taste, as well as cost. The wise consumer will, therefore, need all the help he can get. Some of the consumer magazines provide help by "test rating" products and issuing reports on their effectiveness, cost, cost of operation, maintenance, etc. Merchants in whom you have confidence, and family and friends who have had experiences with various appliances may also be of help. Finally, it may be helpful to do some comparison shopping before making the final selection.

Outcomes - Help each student to:

. Develop an understanding of the problems which are involved in the purchase of clothing, furniture, and appliances

. Appreciate the complexities of decision making as it concerns these major consumption items

. Become aware of the sources of technical information which should be utilized in order to make intelligent choices

. Acquire an appreciation for the need to balance quality, durability, and suitability with monetary cost

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHY DOES MANAGING THE FOOD BUDGET REQUIRE KNOWLEDGE AND SKILL?			
The amount spent per person or per family will depend upon such factors as: the number of persons to be fed, family food patterns, the amount of entertaining done, price variations, and your shopping and cooking skill.	Invite the school home economics teacher to discuss the food budget and suggest practical economies.	*Your food dollar*, Household Finance Corporation.	Wise management of the food dollar can provide substantial economies, greater enjoyment from the food eaten, and better nutrition.
Budgeting food dollars begins with planning the amount you intend to spend, then comparing it with actual expenditures.	Ask students to query parents as to the percent of take home pay spent on food.		Although the average expenditure for food is about 24 percent of disposable income, the needs of the individual and the values he places on "good" eating may cause him to spend considerably more or less than this figure.
Learn to substitute lower cost foods for higher priced commodities. Look for alternative foods that are "in season" or specials.	Check with the food buyer in the family. How much is set aside for food? How much is actually spent? What happens if there is a surplus or deficit in this account?	*Consumer economic problems*, Wilson, & Eyster. pp. 587-604.	A food budget should be flexible, and built upon experience.
	Listen to the home economists' talks on radio and television to learn of seasonal food bargains and thrifty food management.	Extension service of college of home economics. Radio and television programs.	A wise buyer adjusts his buying habits to take advantage of good values in the food market.
WHAT FOOD SHOPPING AIDS ARE AVAILABLE FROM THE NEW YORK STATE DEPARTMENT OF AGRICULTURE AND MARKETS?			
. *Consumer Price Reports*	Ask the cafeteria director to explain the uses of *Consumer Price Reports* issued	*Market news service* New York State Department of	The State marketing information is helpful to

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	weekly covering prices of fresh fruit and vegetables, meats and poultry, butter, margarine, and cheese.	Agriculture & Markets, (issued weekly)	consumers to learn of seasonal and other "good buys."
. *Special Consumer Releases* - covering food commodities in abundant supply at reasonable price	Have pupils listen to radio and television reports or clip press releases of *Market News Service*. Where available, have a representative of the New York State Department of Agriculture and Markets explain how the material is gathered and how it may be useful to consumers.	*Food for the young couple*, Cat. No. A1.77:85, Supt. of Documents. Pamphlets from Grocery Manufacturers of America, Inc. . *The label tells the story* . *Your grocery dollar* . *What consumers think*	*Marketing News Service* for consumers was recently developed as a result of consumer interest. If sufficient consumer interest is evident the service might be expanded to cover other items such as fish. Prudent shoppers through buying seasonal items and "specials" may make considerable savings.
. *Economy Meal of the Week*	Have pupils watch for information on *Economy Meal of the Week* issued weekly by the New York State Department of Agriculture and Markets. If facilities and funds are available, have ingredients prepared for a class luncheon.	*The new story of agriculture & markets* Department of Agriculture and Markets. Extension Service Local market inspector	
. Conducted tours	Ask the New York State Department of Agriculture and Markets to arrange a tour of a local dairy or a fruit, egg, or produce market.	New York State Department of Agriculture and Markets. Owner of processing plant, dairy, or manager of produce market.	A tour of a processing plant, chain store, warehouse, or fruit, egg, or produce market should help pupils understand the reasons for the spread in costs between what the farmer

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
			gets for his products and what the consumer pays.
WHAT ARE SOME WISE HABITS FOR FOOD SHOPPERS?			
Check current market prices; watch for specials and "loss leaders."	Compare newspaper advertisements for standard items. Note that stores feature "special" or "loss leaders."	*The consumer and his dollars*, Schoenfeld & Natella, pp. 105-115.	Advertising is helpful but should not be the sole guide in buying.
Look for government inspection stamps on such products as meat, poultry, and their by-products.	Have committees decide where they would shop for a comparable list of items.	If your city has a Department of Markets, ask a representative to explain the protection this agency offers.	Wise shoppers read, ask questions, observe, compare, and try out different foods.
Check brands that sometimes represent good values at lesser cost than nationally advertised brands.	Have pupils query the family shoppers as to their experiences of using store brands vs. standard brands.	Housewives or family food shoppers.	Impulse buying of unnecessary items is a luxury expense.
Consider shape, color, weight, size, maturity and freedom from defects of fruits and vegetables.	Have pupils compare cost per unit of measure for various forms of food: frozen, fresh, canned, or dehydrated.	Regional consumer consultant through local Food and Drug Administration office.	
Consider the amount of lean meat and the number of servings rather than the cost of meat per pound.	Ask the home economics teacher to conduct the class through a market to show how prudent shoppers choose products.	Inspectors of U.S. Department of Agriculture.	
		The consumer in the market place. Consumers' Research.	
		Effective shopping. National Association of Secondary School Principals.	

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Look for cheaper grades of meat which will often serve the purpose as well. Make use of the information on food labels. Buy food in its most economical form at the appropriate season. Weigh the factors of price, quality, convenience, time, energy, and location in arriving at an intelligent choice.		*What the consumer should know about goods*, Pioneer Woman Publishing Company.	

Cost per serving of five groups of meat cuts

Prepared by The Consumer Marketing Specialist,
Extension Service, College of Agriculture, University of Wisconsin.
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Find the cut of meat you plan to buy in the lists at the left of the chart. Locate the price per pound in the figures at the top of the chart. Follow down from price per pound and across from the selected cut of meat. Where the lines meets you will find cost per serving for that cut.

SERVINGS PER POUND		PRICE PER POUND																					
		35	39	45	49	55	59	65	69	75	79	85	89	95	99	1.05	1.09	1.15	1.19	1.25	1.29	1.35	1.39	1.45	1.49
2	BEEF chuck roast chuck steak porterhouse steak rib roast rib steak short ribs LAMB breast shank PORK smoked picnic shoulder with bone VEAL shoulder roast	17.5	19.5	22.5	24.5	27.5	29.5	32.5	34.5	37.5	39.5	42.5	44.5	47.5	49.5	52.5	54.5	57.5	59.5	62.5	64.5	67.5	69.5	72.5	74.5
2 ½	BEEF rib roast, boneless sirloin steak LAMB shoulder roast PORK fresh ham roast fresh loin roast smoked ham with bone VEAL leg roast rump roast	14	15.6	18	19.6	22	23.6	26	27.6	30	31.6	34	35.6	38	39.6	42	43.6	46	47.6	50	51.6	54	55.6	58	59.6
3	BEEF chuck roast, boneless rump roast, boneless sirloin roast LAMB leg roast loin chops rib chops shoulder chops PORK blade steak fresh shoulder chops fresh shoulder roast with bone smoked ham, shankless smoked picnic or shoulder, center slice smoked ham, center slice VEAL loin chops rib chops	11.7	13.0	15	16.3	18.3	19.7	21.7	23.0	25	26.3	28.3	29.7	31.7	33	35	36.3	38.3	39.7	41.7	43	45	46.3	48.3	49.6
3 ½	BEEF round steak PORK pre-cooked ham with bone	10	11.1	12.9	14	15.7	16.9	18.6	19.7	21.14	22.8	24.3	25.4	27.1	28.3	30	31.1	32.9	34	35.7	36.9	38.6	39.7	41.4	42.6
4	BEEF cubed steak flank steak frankfurters ground beef ground chuck ground round heel of round loin, boneless sirloin butt PORK boneless ham fresh center chops fresh rib chops smoked Boston butt, boneless VEAL cutlets steaks	8.8	9.8	11.3	12.3	13.8	14.8	16.3	17.3	18.8	19.8	21.3	22.3	23.8	24.8	26.3	27.3	28.8	29.8	31.3	32.3	33.8	34.8	36.3	37.3

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE SOME WISE HABITS IN BUYING AND CARING FOR CLOTHING?			
What clothing do you now have? Inspect your wardrobe List all items and their colors Condition of wardrobe . proper sizes . combinations . signs of wear What clothing do you need? Work requirements Leisure activities Social activities Priorities in terms of needs and wants Clothing needs vs. other needs in terms of available money	Discuss with the class the types of items that make up a suitable wardrobe (shoes, shirts, suits, dresses, coats, handkerchiefs, ties, blouses, etc.) As an assignment, have the students inventory their wardrobe, listing all the items, colors, and sizes. Using this list, let each student determine how many different combinations of clothing he has in his possession.	*Your clothing dollar*. Money Management Institute, Household Finance Corporation. *The consumer and his dollars*. Schoenfeld & Natella. *Facts you should know about*. Boston Better Business Bureau, series of pamphlets. *Kiplinger's family buying guide*. Prentice-Hall.	Your wardrobe is limited by the amount of money you can afford to spend on clothing. In today's competitive society, clothing and grooming play important roles. An individual does not have to be wealthy to dress well. A good wardrobe does not have to be large. A clothing budget and a plan for keeping clothing purchases within the planned amount will result in a more effective use of this portion of your resources.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
How much can you spend for clothing? **Clothing expenditures are flexible.** **The amount spent on clothing is dependent on its importance to the individual and his way of life.** **Operate within a plan.** **Consider quality vs. quantity.** **Careful selection is important; well-tailored, durable clothing will last for years.**	With only enough money to purchase one outfit, which should you buy? · Workclothes or clothing for your social activities? · Leisure-time clothes or clothes for social activities? Discuss: · Food and shelter expenditures are relatively fixed, while clothing costs may vary from little or nothing to a great deal. · Buying clothes within the framework of a plan can save you money.	*The consumer's guide for better buying*. Margolius, Sidney. Pocket Books, Inc. *Clothing*. Myers, Samuel L. Oeconomia: A Family Life Series. Baltimore Urban League. *Consumers all - the yearbook of agriculture, 1965*. U.S. Government Printing Office.	Since all needs must be met from your income, clothing requirements of your job should be given priority over all other clothing needs. Compare values on the basis of quality, style, and price. Medium-priced clothing usually represents the best dollar value. Avoid extremes in style: fashions change rapidly. Proper clothing fit is essential for appearance and comfort as well as adding to the life of the garment. Check fabric and workmanship of clothing before completing the purchase.
Clothing care Proper maintenance prolongs clothing life. Proper care saves money. Follow instructions and recommendations for cleaning, storage, and repair of clothing.	Have the home economist come in to talk about fibers, fabrics, workmanship, and clothing care. Collect swatches of material and have them laundered or dry cleaned to show the difference in results of the two processes on various fabrics.	*Papered over*. Newsweek, 68:105, October 31, 1966. *Consumer economic problems*. Wilson & Eyster. Publications of the American Home Economics Association.	Mend garments as soon as repairs are indicated. Follow manufacturer's instructions regarding the care and handling of clothing. Proper maintenance will increase the value of your wardrobe investment.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Let volunteers in the class model various items for discussion regarding fit, workmanship, and quality.		
WHAT ARE SOME WISE HABITS IN BUYING FURNITURE?			
Develop a basic overall plan for buying furniture.	Ask the home economics teacher and the industrial arts teacher to discuss designs, style, construction, etc.	*Your home furnishings dollar*. Money Management Institute, Household Finance Corporation.	Furniture is an extremely long-lasting item. If the product is well constructed, it may well last a lifetime. Therefore, a maximum effort should be made to weigh all considerations before making your furniture choice.
Determine how much you will spend.	An interior decorator may be invited to develop appreciation in using furniture to reflect personal tastes, to conform to space requirements and the type of home.	*It's easier now to build new furniture*. Popular Science; 189:164-166; October 1966.	
Select quality materials and construction.		*The abc's of home furniture*, Bete, Channing L. Company.	Choice of a reliable furniture dealer is especially important because you may have to call on him after the purchase to service, repair, or adjust the furniture items.
Avoid extreme designs.	Have the students visit a large furniture store to look over specific designs.	*Home furnishings daily*. (Newspaper.)	
See that your furniture reflects your personal tastes.	Have someone bring in a doll house and furniture to the class and let the students experiment with different arrangements.	*Your equipment dollar*. Money Management Institute, Household Finance Corporation.	Select those pieces of furniture that you feel comfortable with and also those that you know will fit in with your other furnishings.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE SOME WISE HABITS IN BUYING APPLIANCES? What appliances do you want? need? How will you pay for them? Have you checked product ratings? What are your special appliance requirements? . size . installation . power . space . etc. Have you compared prices, delivery charges, and availability at various dealers? Who will service the appliance? Will you pay cash or use credit?	In shop or outside of school some of the boys may be able to construct additional furniture models. Have each student inventory the appliances contained in his home. A subsequent assignment or subject for discussion could be to list all the appliances that the class would like to have, listed in terms of priority. What are the hidden costs in an appliance? (maintenance, cost to operate, cost to install) In what ways is the source of power (gas, electric, etc.) of the appliance an important factor? Discuss the following: The housewife of today has a much easier job than the housewife of colonial days or frontier days. How do you balance convenience with cost?	*1967 Buying guide issue.* Consumers Union. *Consumer economics,* Wilhelms, Heimerl, & Jelley. *The consumer and his dollars.* Schoenfeld & Natella. *Consumer issues '66 - A report to the President from the consumer advisory council,* White House. *1967-1968 Annual bulletin.* Consumers Research. *Young homemakers equipment guide,* Peet, Louise. Iowa State University Press.	Appliances in addition to the basic items (range, refrigerator, sink, etc.) are for convenience or pleasure primarily, and purchase should be weighed against the cost involved. Determine the specific functions of the appliance before purchase in order to be certain that it will meet your requirements. Consider the warranties or guarantees available. For how long will the appliance be protected and what are the specific coverages? Appliance purchasing is difficult. Utilize product rating magazines (*Consumer reports* and *Consumer bulletin),* personal recommendations, and comparison shopping to help make judgments.

PURCHASING AND MAINTAINING AN AUTOMOBILE

Introduction

Young people are not alone in wanting to own a car. Almost three-fourths of the families in the United States now own cars, and indeed, one-sixth of American families own two or more automobiles. Each year some 8,000,000 new automobiles are produced and sold. The first question to ask, however, is not what kind of car to buy but rather "Can I afford a car?" and with it the accompanying question "Is this the most desirable use of my money?" The principle of alternative uses for one's money (opportunity costs) is often forgotten in the urge to have a car and to achieve with it the status that car ownership brings.

The cost of purchasing a car and of replacing it on an average of once every four years will mean that the consumer who begins car ownership in his early twenties will expend between $23,000 and $40,000 during his lifetime for the privilege of automobile ownership. To this figure must be added maintenance and operating costs. One estimate is that even to let a car stand idle in a garage costs the consumer more than $15 a week for insurance, interest, depreciation, and other costs. Thus, since consumer education deals with money management, the allocation of funds to purchase and operate a car is one of the major financial considerations.

This unit provides an ideal setting for teaching certain principles or consumer education which are of immediate concern to young people; furthermore, it provides an excellent opportunity for students to acquire the rudiments of intelligent decision-making of a personal economic sort.

Broader economic insights may also be derived. Just as owning and operating a car has important implications for personal and family well-being, it also plays a significant role in the national economy.

Therefore, in studying this unit, we should be concerned both with the specifics of car buying and operation, as well as the broader implications of this subject.

Outcomes - Help each student to:

- Thoughtfully weigh the purchase of an automobile against other values obtainable with the same resources
- Consider the need for a car, its probable uses, and the cost of financing, operating, and maintaining an automobile
- Weigh the relative advantages and disadvantages of new car vs. used car purchase
- Understand the protection offered by a warranty
- Learn what to look for in a used car
- Learn to shop for the best value in a car purchase
- Understand the costs of financing an automobile

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
IF YOU WERE BUYING A CAR, WOULD YOU BUY A NEW ONE OR A USED ONE? WHY?			
Advantages of new car . Pride of ownership . New car warranty . Operating costs may be lower . Maintenance costs may be lower . Generally--greater reliability . May have desirable innovations	Elicit information from students regarding advantages and disadvantages of new and used cars. Have students bring magazines to school dealing with new and used cars. Ask students to obtain copies of manufacturers' literature from new car dealers.	*Your automobile dollar.* Money Management Institute. pp. 12-13. *Consumer bulletin.* January—June 1967 issues. Consumer Research. *Consumer bulletin annual* 1967-1968. Consumer Reports: *The buying guide issue.* 1967. Consumers Union.	The decision to purchase a new or used car depends upon an individual's economic resources, his personal likes and dislikes, his desire to acquire status in the community, and similar factors peculiar to each buyer. Each person who anticipates purchasing a car should investigate carefully the advantages and disadvantages of purchasing a new or used car.
Disadvantages of new car . Greater initial cost . Greater financing charges . Untested innovations . Greater depreciation during the first two years	Have students obtain copies of new and used car warranties from car dealers. Have a dealer who handles both types of automobiles discuss matter from his point of view.	*Consumer economic problems.* Wilson & Eyster. Sixth edition. pp. 630-36. *Facts you should know about buying new or used cars.* Better Business Bureau of Metropolitan Boston.	New cars depreciate about 50% in value during the first two years; used cars depreciate at a slower rate than new cars.
Advantages of used car . Lower initial cost and financing charges . Defects may have been corrected . Less depreciation	Ask students to query adults who have bought both types for reactions.	*The consumer and his dollars.* Schoenfeld & Natella. pp. 125-138.	Prospective car buyers should learn to distinguish between their needs and their desires before signing a purchase contract.
Disadvantages of used car . Higher maintenance and operating costs			

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Financing may be difficult to obtain or may be more costly . May be less reliable . May not include desirable innovations			Competition for customers forces efficiency in production, resulting in improved products and/or lower prices for consumers. One has to be more knowledgeable to purchase a used car than a new one since the defects may be hidden.
A SALESMAN STATES, "THIS CAR IS THE BEST BUY IN TOWN." IS THIS A WARRANTY? Meaning of the term warranty . Difference between a warranty and a "puff " OF WHAT VALUE IS A WARRANTY TO YOU AS A BUYER? . Meaning of "caveat emptor" . Meaning of express warranties If a seller makes statements of fact regarding goods, upon which the buyer relies, the seller, during the warranty	Prepare a brief resume of New York law pertaining to warranties. (Be sure to use a recently published text which includes the N.Y. Uniform Commercial Code.) Ask students to relate experiences which they or their parents may have had with dealers' or manufacturers' warranties. Have students draw generalizations regarding the protection offered by warranties.	*Applied business law.* Fisk & Snapp. Ninth edition. pp. 215-226. *Personal business law.* Snyder, Smith & Whitcraft. Newspaper and magazine articles concerning warranties. *Your automobile dollar.* Money Management Institute, Household Finance Corp. p. 14.	All promises or statements made by a seller regarding a product should be in written form. The buyer should carefully read a warranty and be certain he understands exactly what it contains. A warranty binds the seller to the extent of statements of fact he makes about the goods he sells. Opinions, such as, "can't be beat," "best in town," and the like are not warranties. They are "puffs."

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
period, must correct defects in accordance with the terms of the warranty. If the seller fails to do this, he may be sued for breach of warranty. Meaning of implied warranties . Warranty of title . Warranty of fitness for purpose . Warranty of merchantability . Warranty against encumbrances Legal effect of goods sold "as is," "without fault"			A seller can be held liable for both express warranties and for implied warranties. If the buyer knows a statement is not true and does not rely on the seller's statement, there is no warranty. A buyer should be careful to select a firm with a reputation for fair dealing. Legal action frequently is too costly--especially for small transactions.
DO YOU GET THE SAME WARRANTY ON A RECENT MODEL USED CAR AS YOU DO ON A NEW ONE? Importance of time element in warranties - If time is too short, product may not get sufficient use to test its reliability before the warranty period expires.	Compare warranties on new and used cars. Compare warranties made by various car manufacturers.	New and used car dealers, parents and friends. Specimen copies of new and used car warranties.	New car warranties generally give broader protection and for a longer period than used car warranties. A warranty is only as good as the firm issuing it.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Need for reading warranty to determine exactly what it promises. Desirability of getting a written warranty. Oral promises, though binding in some instances, are hard to prove. IF YOU BUY A USED CAR, HOW CAN YOU AVOID GETTING A "LEMON"? CAN YOU REALLY GET A "CREAM PUFF"?	Compare a warranty on a foreign car with one on an American car.		
Tests which an individual can make to test the quality of a car. . Testing "on the lot." . Testing "on the road." Secure expert advice if there are doubts about quality. Car clinics have extensive testing facilities. Get promises regarding quality in writing on the dealer's stationery, signed by an authorized representative of the dealer.	If possible, ask a used car dealer to demonstrate a car and ask him to discuss the major considerations in selecting a good used car. Ask a qualified independent mechanic to demonstrate testing procedures. Have an auto mechanics teacher explain testing procedures. Ask students with sketching ability to prepare charts of tests an individual can make on his own.	Used car dealers. *Automobile clinics for checkups*. Consumer Bulletin. June 1966. p. 3. Qualified, independent mechanics. *Your automobile dollar*. Money Management Institute. pp. 14-16. *Motor trend*. June 1966. Peterson Publishing Co. pp. 41-42. *The buying guide issue*. Consumer Reports. December 1965. pp. 423-4.	You are less apt to get a "lemon" if you make a careful quality check before purchasing. Paying an independent mechanic or automobile clinic a reasonable fee for testing a car may prove to be a good investment in the long run. Don't plunge into signing a contract. Investigate... investigate...investigate.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	If there is a car "clinic" nearby, watch and listen to an analysis of a car's condition.	*Popular mechanics.*	
HOW WOULD YOU ESTIMATE THE COST OF PUTTING A USED CAR IN SATISFACTORY OPERATING CONDITION?			
Learn to estimate procedures for reconditioning used cars. (See "Activity" opposite.) Become familiar with sources of information for obtaining estimates. Recognize that the initial cost of a used car must be increased by the cost of repairs and replacements.	Assume that tests have been made and that the following repairs and replacements are needed on a car which a student expects to purchase: . Valve and carbon job . Brakes relined . New master-brake cylinder . Two new tires, size 7.50-14, tubeless, blackwall Have students prepare a high and a low estimate. Use information obtained from local dealers, servicemen, and reference materials. Ask students to indicate how they would finance the cost of reconditioning. Relate this additional cost to the price of the car.	Independent mechanics. Service departments of new car dealers. *"...or fix up the old car instead?"* Changing Times. November, 1965. p. 13. *The buying guide issue.* Consumer Reports. December, 1965. pp. 416-418.	It is possible to estimate the cost of repairing used equipment with reasonable accuracy. Estimates should be more than guesses; they should be based on published figures and/or current quotations from reliable sources. To arrive at the true cost of a used car, it is necessary to add to the quoted price the cost of reconditioning and financing charges.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
HOW CAN YOU GET THE BEST PRICE ON THE CAR YOU WANT TO BUY?			
Need for comparative shopping Obtaining competitive bids (informal) Analysis of car advertisements to see if sufficient information is given to make meaningful price comparisons Need to develop specifications (a list showing make, model, series, equipment desired, etc.) in order to arrive at a sound decision	Have students consult local and/or urban newspapers and make a comparative chart of prices quoted for the same make, year, and model of car. Ask students to consult with parents and friends to get information about car prices, names of reliable dealers, etc.	Local and/or urban newspapers. Retail prices - used car vs. new car. *The buying guide issue.* Consumer Reports. Dec. 1965. pp. 437-42. *Consumers all: the yearbook of agriculture.* 1965. U.S. Dept. of Agriculture. pp. 173-175.	Comparative shopping can materially reduce the cost of acquiring a car. Advertisements may be of value in getting "leads" from which to obtain competitive prices. Specifications help in making meaningful price comparisons.
WOULD YOU CONSIDER THINGS OTHER THAN PRICE IN DECIDING FROM WHOM TO BUY A CAR?			
Need to consider dealer's reputation for service and fair dealing Need to consider the location of dealer's place of business to avoid loss of time and expense of traveling	Have students estimate the cost of traveling fifty miles (round trip) to have car serviced by a dealer located out of town. Might this expense affect a buying decision?	Various sources provide information to use as a guide in determining the cost per mile of operating a car. See, e.g., *Your automobile dollar*, pamphlet published by the Money Management Institute of Household Finance Corp. pp. 23-28.	Price alone should not be the sole criterion for making purchase decisions. It is also necessary to consider the seller's reliability, the need for maintenance service, and similar factors that enter into the determination of the value of goods.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Discuss need for considering overall value as well as price.		
HOW MUCH WILL IT COST TO OPERATE AND MAINTAIN A CAR?			
Need to take into account variations due to cost of car, climate, insurance rates, location, use, gasoline cost, etc.	Have students participate in developing a list of the various types of costs that are incurred in operating a car. Classify as to fixed and variable costs.	*Your automobile dollar.* Household Finance Corp. 1963. pp. 23-26.	With the exception of depreciation, fixed costs cannot be materially decreased after a car has been acquired. Re-financing may decrease fixed costs, but may increase interest charges.
Estimated operating costs Fixed costs . Garage rent . Insurance . Operator's and driver's licenses . Depreciation	Prepare schedules showing (1) operating costs and (2) cash outlay based on variations in the operating cost and cash outlay components. The form illustrated at the end of this unit may be duplicated for this purpose.	*Consumer economic problems.* Sixth edition. Wilson & Eyster. p. 633.	Depreciation, a fixed charge, may be decreased through good maintenance practices; and thus result in a higher resale or trade-in value or in increasing the life of the car.
Variable (flexible) costs . Gasoline and oil . Repairs and replacements . Tires . Other (parking, inspection, tolls, etc.)	Obtain rates for driver and registration licenses from the Department of Motor Vehicles.	*How to get the most out of automobile tires.* The Rubber Manufacturers Association.	Variable costs may be minimized through good maintenance practices, good driving practices, and comparative shopping.
Estimated annual mileage	Encourage students to discuss these topics in detail and to write short reports about them.	*Consumers all: the yearbook of agriculture 1965.* U.S. Department of Agriculture. p. 175. *Be a good shopper.* U.S. Government Printing Office Cat. No. A43.2:sh 7. p. 8. Car manuals for various makes of cars.	

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Calculating cost per mile: $\frac{\text{Fixed costs + variable cost}}{\text{Est. annual mileage}} = \text{cost per mile}$ Distinguish between cash outlay and estimated operating cost as calculated above. (Note: To determine cash outlay, deduct depreciation from fixed costs and add cash outlays for installment payments, if any, to fixed charges. For illustration, see chart at end of unit.)	Have students prepare a bulletin board display illustrating ways of controlling operating and maintenance costs.	*Consumer bulletin annual*, 1965. pp. 29-35. (See particularly articles on *undercoating, tires, gasoline, motor oils, cooling systems*, and *automobile air conditioners*)	It is desirable to keep an accurate record of actual car expenditures to compare with estimated expenditures in arriving at accurate cost figures.
WHAT RISKS MAY YOU INCUR WHEN YOU OWN AND OPERATE A CAR?			
	Through class discussion, elicit a list of common risks connected with car ownership and indicate which of these risks may be covered by insurance. As part of this discussion, the general topic of "risk sharing" may be introduced.	*Vehicle and traffic law.* McKinney's Consolidated Laws of New York. Vol. 62A, Article 7, Sec. 333, Motor Vehicle Safety Responsibility Act. *Vehicle and traffic law.* New York State Department of Motor Vehicles. 1966 edition. Article 7.	To protect all motorists from negligence resulting from the operation of automobiles, New York State requires a minimum of 10/20/5 automobile insurance coverage. High jury awards for bodily injuries and deaths resulting from automobile accidents increase insurance premiums.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
TO WHAT EXTENT CAN YOU PROTECT YOURSELF AGAINST THESE RISKS?		*Driver's manual.* New York State Department of Motor Vehicles. (See section on financial security.)	
	Obtain copies of automobile insurance policies from insurance companies or brokers.	*Consumer economics.* Third edition. Wilhelms, Heimerl, & Jelley. pp. 310-314.	
WHAT TYPES OF INSURANCE MUST YOU CARRY UNDER THE N.Y. MOTOR VEHICLE SAFETY RESPONSIBILITY ACT?		*Consumer economic problems.* Sixth edition. pp. 355-59.	
. Bodily injury . Uninsured motorists coverage . Property damage	Prepare a bulletin board display using several automobile insurance policies to show various features of each, including coverage, cost, and services.	Wilson & Eyster. Workbook for above. Project 39, pp. 89-92.	
		A reference book of state services to the consumer. State of New York, Office of the Governor. Albany, N.Y. p. 7.	
WHAT IS MEANT BY 10/20/5 COVERAGE?	Discuss inadequacy of 10/20/5 coverage in view of high jury awards in automobile accident cases. Students should obtain actual cost figures for additional bodily injury and property damage coverage to determine what is a reasonable amount of insurance to carry.	*Shopping for automobile insurance.* Money Management, Your Automobile Dollar. Household Finance Corporation. p. 7. *Financing and insurance tips and traps.* Motor Trend. June 1966. pp. 40-42.	It is advisable for owners of cars to carry more than the minimum amount of bodily injury and property damage coverage required by law. Rates for bodily injury and property damage insurance decrease sharply for coverage beyond the legal limit required by law.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ADDITIONAL CAR INSURANCE SHOULD YOU CONSIDER CARRYING? . Fire and theft OR comprehensive . Collision insurance . Medical payments . Nonownership coverage . Towing and labor . Other			Comparative shopping for insurance may result in decreased cost and/or better coverage. However, services too should be compared.
HOW CAN YOU MINIMIZE THE COST OF INSURANCE?			
Careful driving is the best way to minimize insurance costs.	Collect newspaper clippings of awards in automobile negligence cases. Duplicate and distribute to class for discussion.	Local automobile insurance agents.	Because insurance is based on risk sharing, an increase in the amount of money paid out on automobile accident claims increases premiums. Thus we as automobile operators are mainly responsible for the high premium rates charged.
HOW DOES THE NEW YORK STATE INSURANCE DEPARTMENT PROTECT THE CONSUMER? . Licensing of agents and companies . Supervision of companies . Provision for standard policy provisions . Regulation of rates	Consumers should contact the New York State Insurance Department located at 324 State St., Albany, N.Y., or at 123 William St., New York, N.Y. if they suspect an insurance company of dealing in an unfair or illegal manner.	Residents of New York State should purchase insurance from firms licensed to sell insurance in this State. The New York State Insurance Department has such information.	Insurance is an essential part of one's program of financial security.

The illustration shown below is based on hypothetical figures. Students should be given the opportunity to prepare similar schedules based on their own experiences and research.

Estimating costs of owning and operating a car[1]

Fixed Costs	(1) Annually	(2) Monthly	(3) Weekly
1. Garage rent	$ 108.00	$ 9.00	$ 2.08
2. Insurance	208.00	17.33	4.00
3. Operator and registration fees	26.00	2.17	.50
4. Depreciation*	450.00	37.50	8.65
5. Total Fixed Costs	$ 792.00	$ 66.00	$ 15.23

* Figured on a straight line basis. Other methods can be found in any elementary accounting textbook.

Variable (flexible) Costs			
6. Gasoline and Oil	$ 300.00	$ 25.00	$ 5.77
7. Repairs and replacements	96.00	8.00	1.85
8. Tires	42.00	3.50	.80
9. Other (parking, inspection, tolls, fines, etc.)	30.00	2.50	.58
10. Total Variable Costs	$ 468.00	$ 39.00	$ 9.00
11. Total Fixed and Variable Costs (line 5 plus line 10)	$1260.00	$105.00	$ 24.00

Calculation of Cost per mile

$$\frac{\text{Total Fixed Costs (line 5) plus Total Variable Costs (line 10)}}{\text{Annual Mileage}} = \text{Cost per mile}$$

$$\frac{\$792 + \$468}{10{,}000} = \frac{\$1{,}260}{10{,}000} = .126 = 12.6¢ \text{ per mile}$$

Computing Cash Outlay

Total Fixed and Variable Costs (line 11 above)	$1,260.00	$105.00	$24.23
Subtract: Depreciation (Item #4 above)	- 450.00	- 37.50	- 8.65
Add: Installment Payments	+ 960.00	+ 80.00	+18.46
Total Cash Outlay	$1,770.00	$147.50	$34.04

[1]Modified version of schedule which appeared in *Money management, your automobile dollar*, copyright by Household Finance Corporation. Revised 1965.

Selected Provisions
of the
New York Motor Vehicle Retail Installment Sales Act

Note: The purpose of the N.Y. Motor Vehicle Retail Installment Sales Act is to regulate installment sales of motor vehicles in New York State. Many of its provisions are designed to protect purchasers from being induced to sign contracts without knowing all the terms of the contract. Carrying charges which may be added to the cash price are spelled out. However, carrying charges are not stated in terms of percents. Consequently, comparisons are difficult to make--especially for those who are not aware of the intricacies of finance. For this reason, the dollars per annum carrying charge figures found in the law are also expressed in No. 11 below as approximate percents per annum (sometimes referred to as the (1) Effective Annual Interest Cost, (2) Annual Cost Rate or (3) True Annual Cost).

1. To be enforceable the contract between the buyer and the seller must be in writing and signed by both parties.

2. The following notice (or the alternative provided in the law) must appear in the contract:

Notice to Buyer

a. Do not sign this contract before you read it or if it contains any blank space.

b. You are entitled to a completely filled in copy of this agreement.

c. Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the credit service charge.

d. According to law, you have the privilege of purchasing the insurance on a motor vehicle provided for in this contract from an agent or broker of your own selection.

3. The seller should deliver to the buyer, or mail to him at his address shown on the contract, a copy of the contract signed by the seller.

   a. Until the buyer receives a copy of the contract, he has the unconditional right to rescind the contract.

4. The contract must contain a complete description of the car: make, year model, model, and identification numbers.

Calculation of "Time" Balance

5. The contract must show (a) the cash sale price (including taxes, additional equipment and cost of any alteration, or repairs); (b) down payment in cash or trade-in, (c) the balance due, (d) amount, if any, for insurance, specifying coverages or New York standard form reference, (e) filing fees, (f) principal balance, (g) credit service charge, (h) time balance, (i) time sale price.

Example (New Car, current model year)

(a) Cash sale price (includes taxes, accessories, repairs, etc.)		$2,200.00
(b) Down Payment:		
Cash--------$100.00		
Trade-in---- 400.00		
$500.00		500.00
(c) Balance due		$1,700.00
(d[1]) Insurance (N.Y. Standard Policy Form No.)		178.00
(d[2]) Insurance - Creditor Life Insurance		20.00
Sub-Total		$1,898.00
(e) Filing fees		2.00
(f) Principal balance		$2,000.00
(g) Credit Service charge ($7 per hundred annum)		140.00
(h) Time balance		$2,140.00
(i) Time sale price (b + h)		$2,640.00

6. Number of installments, amount of each installment expressed in dollars, and due date of each installment. In the example above, if this contract were for 12 months, then the following should be shown on the contract:

$$\frac{\text{Time balance}}{\text{No. of installments}} = \frac{\$2,140}{12} = \$178.33 \text{ per month}$$

7. The insurance rates must be the same as those filed with the Superintendent of Insurance for similar insurance. (Same rule also applies to term insurance coverage on the life of the buyer.)

8. Late payment charges may be imposed if an installment is ten days past due but not in excess of 5% of each installment or $5.00--whichever is less.

   (a) In case the buyer defaults on the contract, the seller or assignee may make a charge for attorney's fees not exceeding 15% of the amount due. But, this charge can only be made if a private attorney who is not an employee of the lending agency is used.

9. If the contract is assigned to a finance company by the seller, the buyer must assert any claims for defects in the merchandise against the assignee (finance company) WITHIN TEN DAYS in writing. The buyer must give full information including the parties to the contract, and the description of the vehicle.

10. The contract may not contain an agreement whereby the buyer makes an assignment of wages to the seller or assignee in case he fails to make payments as agreed.

11. <u>Credit Service Charge Limitations</u>

Class 1. New motor vehicles of the current model year.
Not more than $7.00 per one hundred dollars per annum on the amount to be financed.
*When converted to an effective annual rate, this amounts to approximately 12.9% per annum.

Class 2. New motor vehicles not of the current year or a used car manufactured one or two years prior to the year the sale is made. Not more than $10 per hundred dollars per annum on the amount to be financed.
*When converted to an effective annual rate, this amounts to approximately 18.5% per annum.

Class 3. Any used car not in class 2--not more than $13 per hundred dollars per annum on the amount to be financed.
*When converted to an effective annual rate, this amounts to approximately 24% per annum.

*Calculated by using a constant-ratio formula. An explanation of the use and limitations of this formula may be found in the following reference: Phelps, William C., *Using Installment Credit*. Studies in Consumer Credit No. 4, Educational Division, Commercial Credit Company, Baltimore, Md. 1965, pp. 22-26.

Automobile Insurance Coverage[1]

Type of Insurance	Losses Covered **	Person(s) Receiving Benefits	Comments	Cost*
(A) Bodily Injury	Injuries or death to other persons	Person, other than owner or occupants who sustained loss	$10,000/$20,000 coverage required by law; additional coverage desirable. Increased coverage is relatively inexpensive.	
(B) Property Damage	Damage to car or other property of others arising from operation of automobiles (includes nonowned automobile)	Person, other than owner, who sustained the loss	$5,000 coverage required by law; additional coverage desirable.	
(C) Medical Payments	Medical, dental, and funeral expenses resulting from an automobile accident	Driver and other occupants	Covers reasonable expenses incurred within one year from date of accident. Recommended coverage.	
(D) (1) Comprehensive	To pay for loss due to breakage of glass, fire, theft, larceny, windstorm, flood, etc.	Owner	Needed to replace transportation in case of loss.	
(2) Personal Effects	Loss caused by fire or lightning to wearing apparel in car	Owner or relative of owner	Generally provides minimal coverage at a low rate.	

Type of Insurance	Losses Covered **	Person(s) Receiving Benefits	Comments	Cost*
(E) Collision	Loss from accident caused by collision with another car or object or by upset	Owner	Losses in excess of the deductible amount covered. $100 deductible feature reduces premiums greatly. Required by most lenders if car is purchased "on time."	
(F) Towing and Labor Costs	Costs necessitated by disablement of owner or non-owned automobile provided the labor is performed at place of disablement	Owner	Good coverage for a small premium	
(G) Family Protection Coverage (uninsured motorist coverage)	Bodily injury caused by an uninsured automobile	Owner, his spouse, relatives and other occupants of the car	Premium may be included with bodily injury	

*Obtain typical cast figures from local insurance companies and agents.
**Obtain "occurrence coverage" instead of "accident coverage."
[1]Based on a similar table presented by William Selden in the October 1953 issue of *Business Education World*.

HOUSING - APARTMENT RENTAL

Introduction

Shelter takes a large portion of one's budget; in a recent government report, housing - including fuel, light, refrigeration, water, household operations, furnishings, and equipment - was reported to take 29 percent of the consumer's dollar. Indeed, shelter was a larger item of expenditure than was food. Typically, as a young person leaves home and establishes his own living quarters, he rents a room or an apartment. For many city dwellers in areas where houses are not available or desired, apartment living is a way of life that continues at least through the working years.

Likewise, the nature of the shelter may play an important psychological part in one's life. A well-designed, convenient living area adds grace and joy to life; inadequate, cramped quarters detract from satisfaction.

In planning shelter arrangements, a person should remember that living patterns change and with these changes go changes in the nature and amount of space required. As indicated, a single person seeks the flexibility and freedom which apartment rental affords. Limited responsibility for care and upkeep gives freedom for social and recreational opportunities. Independent living without the expenditure of a large amount of capital is possible. The newly married couple may continue to enjoy a small apartment. If both are working, there is a chance to build up some savings and to plan for future shelter needs. As children are born, space requirements change as do living patterns. Often the wife is home full time. Both parents may spend the majority of their evenings at home. In the later years when children have grown and left home, space requirements may diminish and the need for facilities suitable for the aged increase. Thus in planning housing, thought should be given to the changes in shelter requirements which accompany changing life situations.

Outcomes - Help each student to:

- Determine his personal criteria for housing and how these may change
- Learn to adapt his shelter requirements to his financial ability
- Understand the legal obligations of a lease
- Know the different types of housing commonly available
- Know the local governmental services available to the tenant
- Understand the importance of other available services in a community which affect the desirability of rental facilities

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT DO YOU WANT IN RENTAL HOUSING?			
In the community			
. desirable location . convenient transportation . adequate parking facilities at reasonable rates . available community facilities (police and fire protection, parks, water, sewers) . houses of worship . places of entertainment (theaters, playgrounds, etc.) . attractive appearance and general condition . relative freedom from noise, congestion, and other environmental hazards	Each student should examine his neighborhood and list the advantages and disadvantages. This information should be summarized and the wants in housing should be collectively determined. Study local newspapers (real estate section) and compare rentals in various neighborhoods. List essential community services in a five block area of possible rental. These services should meet the criteria established in class.	Subway and bus routes Street map of area *Money management, your shelter dollar*. Money Management Institute. Realtors or real estate agents Large metropolitan daily newspapers such as the *New York Times* with excellent real estate sections showing the wide diversity of housing available	Whether to rent, buy, or build a dwelling depends upon considerations of values, economic trends, costs, and family needs. Individuals vary in their housing needs and desires. Community facilities are important in housing.
In the building			
. cleanliness and lighting of entrance, hallways, and staircases	Ask your family what they want in a good apartment. Compare this with your own ideas.	Personal visits to apartment houses other than your own.	An apartment house should offer all basic conveniences for its tenants.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. right to television antenna . presence of laundry facilities . adequate building maintenance	Compare two pictures of different apartment houses in the same neighborhood. (One house should be in good condition and the other in a state of general decay.) Why is there a difference? Who is responsible for the decay of the poorer building?	Discussions with friends living in other housing areas.	
In the apartment			
. adequate closets . adequate supply of electricity (wiring and outlets) . refrigerator, stove, sinks, tub and shower, toilet . reasonable space for the number to be accommodated	If you live in an apartment, draw a floor plan of it. What are the favorable and unfavorable features of the floor design? How could it have been better arranged? Have pupils suggest the ideal apartment layout for a family of their size. Discuss how the use of a home is determined by the size of a family, family taste, and needs (e.g., number of children, amount of entertainment, etc.)	Apartment floor plans if available (or rough sketch if not) Home economics teacher State extension service	Choosing an apartment often requires a compromise depending upon . amount you can afford . conveniences desired . location desired Human wants are always greater than available resources; value judgments of priorities must be made among such items as modern facilities, convenient transportation, moderate rental, desirable neighborhood, recreational space, etc.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT MUST YOU KNOW TO RENT AN APARTMENT?			
Where to locate one Through friends and relatives, superintendents of buildings, newspaper advertisements, real estate agents, "apartment for rent" signs How to arrange terms Signing a lease	Have the class study the rental section of a newspaper. If prices and location are given, have the students prepare a list of apartments that might be suitable for single persons or young married people.	Real estate section of local newspaper Real estate listing of an agent Public housing agency	Real estate agents usually receive a fee for the rental of apartments in return for the service they provide.
WHY A LEASE?			
Provides protection for both tenant and landlord. States clearly all conditions and agreements.	Distribute a sample lease and discuss the important basic conditions and agreements. Do most of the provisions of a lease favor the landlord or the tenant? Why? Illustrate the "Hollywood" scene of a landlord pounding on the door for the rent. What is the landlord saying? What is the tenant answering? Is the landlord justified? Is this situation still true today?	Sample lease Business education teacher Attorney	A lease is a document which legally binds both the owner and the renter.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Discuss possible problems that might arise from not taking precautions in signing a lease.		
WHAT ARE THE ADVANTAGES OF RENTING			
. no capital outlay . mobility possible if income or desires change . budget and spending control easier . may be less expensive than owning a home . obligations expire with lease . freedom from responsibility for repairs and maintenance	Have a landlord, banker, or savings and loan official discuss the relative costs of renting vs. home owning. Ask a landlord to discuss the costs involved in purchasing and maintaining an apartment building. What return must he get on his investment in order to break even? To make a fair profit? How are these costs reflected in rental charges?	Realtor or real estate agent; home owner, apartment dweller *High school economics - personal finance*, Hampton Roads Educational Television Association, Housing and Home Finance Agency Public library Public housing agencies	If there is an oversupply of houses or during a period of general price decline, it may be cheaper to rent than to own. American families tend to move residence often. To such families, home ownership may be expensive. (Legal fees, realtors' commissions, etc.) The total average cost of new houses in 1964 was $19,550. Matching family income to house prices, the Housing and Home Finance Agency concluded that: "Probably half of all families could not afford to purchase homes priced at more than $14,000." Thus home purchase may be out of reach of some people.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE THE DISADVANTAGES OF RENTING? . no equity in property . instability of rent . total loss of all improvements made . price and quality subject to housing availability . no pride of ownership . conditions of use may be subject to lease agreements . may be more expensive over a period of years than owning a home	The dream of many Americans has been to own a home. With the changes that have taken place (almost universal car ownership, the ease of travel, the frequency of job change, etc.) is home ownership still as important as it has been?	*Economics for consumers*, Gordon & Lee.	The chief difference between renting and buying is that the renter buys the use of the property from month or month, while the owner buys the property outright in order to secure its use. In a period of rising prices or housing shortages without rent control, rental costs may rise higher and faster than the expenses of ownership.
WHAT ARE THE PROVISIONS OF A LEASE? . date . names of landlord and tenants . description and identification of property	Discuss possible problems that might arise from not taking precautions in signing a lease. Invite a real estate agent to class. Discuss	*Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 322, 334, 355. *Consumer economic problems*, Wilson & Eyster. pp. 426, 427, 458, 460.	An understanding of the legally binding nature of a lease and the financial commitments involved in renting is important.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. duration of lease and conditions of termination . other conditions and agreements . signatures Cautions . Do not leave any blank spaces in lease (e.g., rent, apartment number, etc.) . Tenant should have an exact and complete copy of the lease . All changes should be written (not oral) and initialed.	the provisions of a typical lease. List the services available to a tenant. Discuss the protection afforded to the renter.		Breaking a lease can cause a considerable financial loss. The conditions and agreements represent the *do's* and *don'ts* of the tenant and the landlord.
WHAT ARE THE OBLIGATIONS OF TENANTS AND LANDLORD? Tenant . To repair damage caused by the tenant but not to make improvements	One group of students might write a Tenant's "Bill of Rights." Another group could write a similar document for the	*You and your landlord.* City of New York, Department of Buildings.	Both tenants and real estate owners have obligations to each other and to other apartment occupants.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. To pay rent promptly when due . To give one month's notice of leaving if the lease does not have an advance-notice provision . To be considerate of other tenants	landlord. The two groups should compare the documents. A debate or role-playing situation may be developed. Discuss: "A man's home is his castle." To what extent is this true or untrue for occupants of rented quarters?		
Landlord . Not to interfere with tenant's right of possession except to protect property . To maintain building adequately (conform to health and building codes, etc.) . To supply adequate heat and other services	Examine your building to determine what hazards are present. Examples: broken steps, inadequate lighting, debris, etc... What can you do about these conditions?	Copy of standard lease form *A handbook of landlord-tenant procedures and laws*. Mobilization for Youth, Inc.	The tenant has the right of possession and use of rented quarters.
WHERE CAN A TENANT GET HELP? Local government departments or county offices . health . building . fire	List the specific addresses of government and private sources of help for tenants.	Appropriate city or community government departments.	Local governments may have established methods of aiding tenants.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
New York State Rent and Rehabilitation Board Local Legal Aid Society Private lawyers Tenants' associations	Contact the Legal Aid Society and find out what services are available to tenants regarding complaints.	City of New York, Department of Buildings. New York State Rent and Rehabilitation Board. *How much legal protection does New York State give the consumer?* State of New York.	In some cases tenants have banded together for mutual aid. The State of New York provides protection in a number of areas; among them are rent control and housing standards for multiple family dwellings.
WHAT ARE THE DIFFERENT TYPES OF APARTMENTS? Regular apartments . No joint ownership or government administration or subsidy prevails. Cooperative apartments . Down payment and carrying charges represent cost for collective borrowing to erect and maintain buildings. "Cooperative" owns structure and leases to tenants. Condominium apartments . Down payment and monthly charges represent principal and interest on a	Compare the rentals for regular, condominium, cooperative, and public housing apartments available in the community. Discuss the advantages and disadvantages of each. Contact the local authorities or New York State Division of Housing to determine the criteria for admission to various "projects." Determine which apartment houses were built with funds from Mitchell-Lama Act. What are the requirements for tenants?	Brochures from cooperative and condominium apartment agents Newspapers *FHA cooperative housing program.* Federal Housing Administration. Pamphlets or speaker from New York State or New York City Housing Authority.	A person who buys a cooperative apartment is actually purchasing stock in a corporation that is the legal owner of the property. If one or more of the owners fails to meet his financial obligations, the rest of the stock holders must temporarily assume his responsibilities. The condominium form of ownership in unique in that it combines individual ownership of a single family unit in a multiple family dwelling with joint ownership of common facilities such as central heating, land, elevators, etc.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
mortgage. Each tenant owns the apartment in which he lives and pays taxes on it. Public housing apartments . "Projects" - Income level and number of family members are determining factors in securing occupancy in housing financed or administered by city, state, or federal government			The government provides low cost housing for qualified persons. Each type of rental housing has its own advantages and disadvantages.
WHAT WILL AN APARTMENT COST? Rentals for apartments will be affected by: . the number of housing units available (supply) . the number of potential tenants (demand) . the presence or absence of rent controls . general economic conditions	Students should itemize all the expenses expected in running an apartment. Check these expenses with family and neighbors to see how realistic the estimate is. What should be the guidelines for apartment cost? (one week's salary.)	Real estate section of local newspaper. *The consumer and his dollars*, Schoenfeld & Natella. p. 202. *Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 324 -325. *Consumer economic problems*, Wilson & Eyster. pp. 432-434.	Supply of apartments and demand of tenants for housing affect rental prices. Demand for housing is a result of population pressure, job opportunities, desirable environment, and other factors. Rental costs should be considered in relation to income.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Compare the costs of: . ordinary apartment rental . leasing a cooperative apartment . purchasing a condominium apartment Where does housing rate as an expense in the budget? In terms of percentages? How much can you afford to pay for rent?		Costs of the different types of housing may be competitive. Personal tastes, present and future plans, financial ability, and general economic conditions are among the factors to consider in choosing the type of rental to meet your needs and conditions.
WHAT OTHER COSTS MUST BE PROVIDED FOR IN APARTMENT RENTAL? . Utilities - gas or electricity, telephone . Insurance - fire insurance coverage for furnishings and personal belongings; also theft and liability coverage	Estimate cost of gas and electricity. Check with parents and compare actual costs with your estimates. Why might it be advisable to insure the contents of your home? Where can one get necessary information? Why is liability insurance desirable for the apartment dweller as well as the home owner?	Local utility company Local fire insurance agent *Home fire protection.* Better Business Bureau. Insurance broker	Insurance is made possible by collecting small payments from many people to pay large losses incurred by some individuals. Costs for utilities, insurance, and other services for which a charge is made must be included in figuring total apartment rental expenses.

HOUSING - PURCHASING A HOME

Introduction

Buying a home is often the most costly financial commitment made in a lifetime. Because it has so many implications, both financial and personal, one should not lightly make the decision to buy. First, and most important, is the basic decision as to the values one places upon home ownership as contrasted to other goods or services which could be purchased with the same resources.

Assuming that a consumer has decided to buy a home, a series of basic decisions follow which should be made only after careful thought. Some of the important issues are considered in the topics which follow.

It is interesting to note that despite the responsibilities which home ownership entails and despite the growing urbanization of American life, there are an increasing number of Americans who own the dwellings they occupy. About 67 percent of all families live in their own homes, an increase from 50 percent in the 1940's. This trend is all the more significant since Americans are becoming a migrant people. Even homeowners move on an average of once every seven years. Increasingly, the real estate business and the Federal Housing Administration are making provision for such movement through home "trade-ins" just as automobile dealers accept trades in cars.

For some people, meeting the monthly mortgage payments, maintaining the grounds and structure of a house, and, to some degree, being tied to a piece of property can be a nightmare. For others, the growing equity as monthly payments are made, the freedom to improve and alter the property as one wishes, and the pride of community membership and home ownership are intangibles of immeasurable value.

Outcomes - Help each student to understand that:

. The principle of opportunity costs - the weighing of alternative opportunities - has particular application in such a major expenditure as buying a home

. The state of the family cycle is a determining factor in the selection of a home

. Financing a home calls for an assessment of available and future resources and a commitment of these resources

. For an extended period of time, home ownership involves both greater individual and family financial management than does renting

. Because of the complex problems involved, advice from those competent to give legal, financial, and other counsel should be sought before contracts are signed

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
SHOULD ONE RENT OR BUY A HOME?			
Personal considerations in buying: . space requirements . aesthetic wants . pride of ownership . freedom to use as desired . willingness to give up freedom of mobility in return for advantage of home ownership . location - convenience to work, schools, shopping centers, parks, etc. . future plans - is the family likely to remain in the community for a reasonable period of time? . willingness to assume responsibilities of maintenance of home and grounds	Take a student poll to find out how many: . live in homes their families rent . live in homes their families own Make up case studies of typical families in the community. Divide the class so that one group has each family. Discuss how the values of the family will affect the decision whether to rent or buy. Make up a bulletin board display showing the changes in the composition and needs of a family from marriage to old age. Decide what type of shelter would be appropriate for each stage. Clip newspaper advertisements of homes offered for rent or sale. Make comparisons of cost, convenience, etc. Prepare a checklist of information to be secured and evaluated before signing a contract.	*Your shelter dollar* Household Finance Corp. *Buying a house now or wait?* Changing Times Sept. 1956 *Consumer economics*, Wilhelms, Heimerl, & Jelley *Consumer economic problems*, Wilson & Eyster, pp. 419-421. *The consumer & his dollars* Schoenfeld & Natella. pp. 195-201. *Revolution in our times* 27 min. film. U.S. Savings & Loan League.	Family values and goals influence the decision to rent or buy. The stage of the family cycle influences the decision as to shelter requirements. (youthful, middle aged, aged; with children, childless, etc.) Paying off a mortgage is a form of savings. Property ownership entails responsibilities to neighbors and to the community.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	values and satisfactions? Discuss the tax benefits of home ownership - taxes, interest, expenses, etc.		
WHAT ARE THE TYPES OF HOUSING? Buyers have choices in housing: . conventional, cooperative, and condominium apartments (see unit on rentals) . homes associations - a newer development in housing in which a corporation owns and operates common neighborhood property. Each lot owner is a member and shares in expenses of operating common properties which may include open play space, pools, recreational centers, etc. . cooperative housing - nonprofit corporations or trusts formed to provide housing for their members; consists of housing owned collec-	Have an FHA official explain the advantages and disadvantages of homes associations. What are some of the problems which might arise in joint ownership of such properties? Ask a Housing and Urban Development official to explain why the government is interested in cooperative housing programs. How may urban renewal projects make city living more desirable?	*Homes associations* FHA Bulletin No. 102 *FHA cooperative housing program, FHA* *Mortgage insurance for urban renewal - Bulletin No. 528*	Prospective home buyers have choices of many types of residential property. Some of the newer developments of urban renewal present interesting possibilities for home buyers. The Federal government has special programs to assist servicemen, low and moderate income families, those living in urban renewal areas, elderly or handicapped people, those seeking cooperative or experimental housing, and those interested in home improvement. (Contact Housing and Urban Development Bureau, Washington, D.C., for details).

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
tively by people who unite to acquire desired property. May consist of detached, semidetached, row-house, or multifamily structures. Each person becomes a shareholder in ownership and management of the completed project.			
WHAT FACTORS ARE INVOLVED IN MAKING THE CHOICE OF A HOUSE?			
Location is of paramount importance: . appearance of neighborhood . types of families in residence - age of adults and children, etc. . utilities present or proposed . financial policies of community . convenient transportation facilities Schools Other public facilities: . playgrounds . parks . museums . churches and synagogues	With the help of real estate dealers, planning and zoning officials, and others, determine the nature and future growth of the community. Is the selected area becoming residential? Is the neighborhood deteriorating? Is pride of ownership evident in the upkeep of dwellings? How is the area zoned? Are there restrictions on the design of homes? On plot size? Are homes protected from heavy traffic flow? From industrial fumes and noise? From industrial or commercial growth?	*The consumer and his dollars*, Schoenfeld & Natella. pp. 208-210. Local boards of assessment and taxation. Local planning and zoning boards. Local public utility officials. *Consumer economics* Wilhelm, Heimerl, & Jelley - Part 21. *Consumers all - the yearbook of agriculture* - 1965. pp. 1-7	The selection of the right home for you may profoundly affect your future happiness. It sets a pattern of expenditures and of living. Buying a house means buying a piece of the neighborhood. You share in both the advantages and disadvantages of the area. The quality of education available for children of the family is one of the most significant factors in the choice of a home location. Property owners have a special interest in such facets of government as planning, zoning, taxation, and public utility regulation.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Good government - evidence that community is well governed . zoning regulations . planning development . efficient management	Ask the local assessors or taxing officials to explain real estate taxation practices. What utilities are present? Electricity? Gas? Water? Sewers? Are the schools adequate in number? Conveniently located? Adequately supported? Responsive to needs? (the opinions of parents of school age children will be especially helpful). As a summary activity ask students to choose desirable neighborhoods for homes as a result of all the criteria noted.		
WHAT ARE THE ADVANTAGES OF NEW HOMES?			
New houses usually provide modern building materials, modern fixtures, and equipment. Usually a newer house is more saleable.	Have pupils prepare a list of advantages and disadvantages of newer and older houses, (cost, space, improvements, landscaping, maintenance, construction, etc.)	*Buying or building a home*, Better Business Bureau.	Usually the home you buy represents compromise involving size, type, price, location and facilities desired. Rarely can a family afford to purchase a home which meets all its desires.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Maintenance costs of newer houses are generally lower.	Invite a builder to discuss modern construction.	*Where the heart is.* (film).	Local, State, and Federal regulations should not be looked upon as restrictions but rather as investment protection.
Newer houses can be purchased with lower down payments.	Ask a real estate dealer to compare newer vs. older home values.	*An FHA quick guide to buying a home.* FHA.	Consideration of the needs and desires of the family as a unit helps decide home values.
Landscaping of newer houses to suit personal needs is possible.	Have pupils who live in different types of housing hold a panel discussion of their views of the advantages and disadvantages of their homes.	*Consumers all - the yearbook of agriculture* - 1965.	Costs of landscaping and needed equipment must be added to the purchase price to determine the true cost of a new house.
WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF OLDER HOUSES?			
Older houses, while lacking modern facilities, may provide more space and other desirable features for the same dollar cost.	Have mechanically inclined students report the presence or absence of the following in a home: . adequate lighting . adequate plumbing . adequate heating . workmanlike construction . condition of structure	*How to shop for an older house.* Better Homes & Gardens, Oct. 1966.	The cost of needed repairs or modernization must be added to the purchase price to determine the real cost of an older home.
Older houses are usually in more settled communities where the nature of community life is already discernible.			
Older houses may require higher maintenance expenditure or major renovation.			

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
There is usually a wider selection of older houses from which to choose. Usually older homes cost less than newer homes. Older houses may be less saleable than new houses.	Ask students to estimate the cost of modernizing an older home. Contractors may be willing to assist in helping pupils to estimate costs. Have other pupils check on the presence or absence of the following in a home: . well arranged living space . convenient work areas (kitchen, laundry, workshop) . convenient room relationship . adequate storage . convenient electrical outlets Use a model, or even a doll house for discussion and demonstration.	*Consumer economic problems*. Wilson & Eyster. pp. 430-435 *Economics for consumers*. Gordon, L.J., pp. 444-445.	
HOW CAN YOU JUDGE QUALITY IN A HOME? Building specifications help in judging quality.	If possible, borrow a copy of plans and specifications for a home. Study the layout, room arrangement, room size, storage spaces. For an older home, have students make a simple floor plan sketch.	Local home builder Local building inspector FHA official Architect	Prospective home buyers would do well to educate themselves to judge home values.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Visual inspections help in judging quality. Professional advice helps in judging quality. Easily obtained consumer education material helps in judging quality.	Have students individually examine a home for the following: settlement cracks in foundation or walls, evidence of loose mortar, rot in wood girders or joists, water stains indicating leakage, loose fitting joints, poor drainage, thin or flaked paint, protruding gutters, sagging roof line, weathered shingles, termites, flickering lights, low water pressure, etc. (all signs of potential trouble). Ask students to compare their findings to check thoroughness of inspection. Have students judge stock plans of houses (available from suppliers of building materials and state extension sources).	*Wood frame house construction*, Handbook No. 73, Supt. of Documents. *The house hunters.* (film) Associated Films. *Money management - your housing dollar*, Household Finance Corp.	In technical matters the opinions of qualified experts are worth paying for. Architects, heating and lighting engineers, contractors, and real estate experts may for a reasonable fee help you get your money's worth and avoid expensive repairs later.
HOW CAN YOU FINANCE YOUR HOME? Most home buying requires borrowing with a mortgage given as security.	Compare the costs and terms of a mortgage secured by: . conventional loans . Federal Housing Administration loans		The costs of financing a home can vary greatly. Shop for the best values. Investigate mortgage loan costs through banks, insurance companies, savings and loan agencies, etc.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
FHA mortgages are made by lending institutions and approved by the Federal Housing Administration which insures almost the full amount of the loan. Interest is specified by law (presently 6 percent) plus 1/2 percent for mortgage insurance. Veterans Administration loans to eligible servicemen are made by lending institutions and guaranteed by the Veterans Administration up to 60 percent of the loan but not more than $7500. Interest may be no higher than that for FHA loans. ($15,000 may be loaned to a veteran whose credit is good and who is not able to obtain a VA loan through a private lending association.)	Compare the size of the loan (percent of property value), the down payment required, the interest rate, and the length of the loan for conventional, VA, and FHA loans.	*Consumer economics*, Wilhelm, Heimerl & Jelley, pp. 346-349.	Part of each payment goes for interest on the amount owed; part goes for reduction of the principal; and part may go into the mortgage company's fund for insurance and taxes. Prudent home buyers shop for a home loan to secure the best terms (A difference of 1 percent in interest on a 20 year mortgage of $20,000 can amount to almost $3,000) The total interest paid on a long term mortgage (25-30 years or more) may equal or exceed the principal amount due on the mortgage. (See table at end of this unit).
Farmers Home Administration offers a new type of low cost home financing for low income rural residents. . mortgage loans run for as long as 33 years.	Discuss the possibilities for low income rural dwellers, or urban residents who wish to move to the country, to build their own homes with low cost mortgage loans.	Farmers Home Administration, Washington, D.C. *Self help housing, inc.* West Grove, Penn. - provides guidance for builders-to-be.	The government is encouraging self-help housing for low income groups.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. interest is 4 percent . owners must contribute "sweat equity," i.e. their own labor.	How is the "self help" home owners' program like the home building projects of pioneer days? How is it different? What problems would urban dwellers face in attempting to build homes for themselves in rural areas? (lack of land, skill, etc.)	*Sweat equity - rural poor construct own homes.* Wall Street Journal, 8/11/66.	
WHAT IS THE FAIR PURCHASE PRICE? Judging fair value is important. Only by studying the housing market can one be informed. Some factors in appraising houses: . cost to build . market price of equivalent houses . special factors which add or subtract value . financial conditions . availability of housing . location . (others)	Study the real estate offerings in the daily paper. What factors account for the spread in prices? Visit a real estate office to study the houses offered. Ask how values are established. Invite a professional appraiser or local property tax authority to explain how appraisals are made. Ask pupils to select homes that they would consider good values and others that are not. Why?	Newspaper advertisements Real estate agents Professional appraisers Local tax officials FHA agents *Buying a house - is the price right?* Nov. 1964 Changing Times. *Oeconomia - housing* Baltimore Urban League.	Fair market value is the price established by the interplay of buyers and sellers in an open, unrestricted market. (This theory assumes that the buyer is well informed.) Often fair market value is difficult to establish due to the absence of an open, unrestricted market. The services of one trained to know real estate values are helpful (appraiser or real estate broker) if the buyer is not well informed about values.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Particularly in buying an older house, bargaining about price is common. That is, buyers make offers and sellers make counter-offers.	Have students evaluate houses as to design. Which designs are apt to depreciate because of changing fashions?	*Consumer economics.* Wilhelm, Heimerl, & Jelley.	Many lending agencies, including FHA, require an appraisal by their agent. Such an appraisal will help to establish market value.
If the buyer lacks the time or ability to establish fair value, he is wise to employ a professional appraiser.			
The buyer should not be blinded by a "quaint" or unusual design.			Standard and widely accepted designs of architecture are less likely to go out of fashion and lose value.
The buyer should consider a house as he would any other investment. Returns, however, may be in satisfaction instead of cash.			
An important factor is the resale value of the house.			
WHY IS THERE NEED FOR LEGAL HELP?			
Before signing any agreement to purchase, a buyer should secure the services of an attorney to protect the buyer's interests.	Ask an attorney to discuss the legal implications of signing a purchase agreement. Have him discuss the protection an attorney offers his client.	Local attorney or bar association	An attorney representing the home buyer is helpful to protect the buyer's interests. A mortgage is a legally-binding contract between the lender and the borrower.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Services rendered by an attorney: . sees that provisions protecting buyer's interest in the contract are included	Ask pupils to list the items that should be included in a contract for sale. Check with an attorney to see how complete the list is.		
. interprets legal phrasing so that rights and obligations are understood	Examine a title insurance contract. What protection does it give?	Title company	Title insurance may be vital to protect one's home investment.
. checks to see that title is clear			
. checks on back taxes and assessments			
. checks description of property, price, terms of payment, and date of possession			
. reviews mortgage terms			
HOW CAN YOU PROTECT YOUR HOME INVESTMENT?			
Insurance for the home owner should include: . Fire insurance	Have a local insurance agent explain the various plans of home insurance. Examine a home owner's fire insurance policy to see what areas it covers and what choices of insurance are available.	*Money management, your shelter dollar*. Household Finance Corp. Local fire insurance agent	Since the purchase of a home represents a major investment, prudent home owners insure against loss.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Comprehensive personal liability	Discuss the legal liability for damages or law suits as a result of injury to people or their property that may occur on the home owner's property. Have pupils clip news items of such suits from the daily paper.		The mortgage holder will require property insurance coverage at least to the extent of the balance due on the mortgage. The home owner's equity (share of ownership) in the property should likewise be covered by insurance. In general the amount that can be collected on a fire insurance policy is based on the replacement cost less depreciation. Insurance valuations must be kept up to date to take care of improvements and the effect of inflation.
. Home Owner's insurance (a package policy offering all risk coverage under one premium.) It includes fire, liability, and theft insurance plus several additional coverages such as wind and water damage and vandalism.	Discuss the advantages of a Home Owner's package policy. Compare the rates for separate policies to give all the types of protection afforded by Home Ownership Insurance with the rate for "package" protection.		

The following material is taken from "How to Manage Your Money"
Marine Midland Banks

Figuring your total interest on a mortgage.

The amount of interest that you pay on a mortgage depends on two factors: the interest rate and the length of the mortgage. Obviously, you will spend less in interest if your mortgage is taken over a shorter term. And you will save even more if you can get a mortgage at lower than average rates. (One possible way to get a good rate: put up a large down payment. Discuss the idea with your banker. He will tell you exactly what rates you can get.)

Consult the table below to determine how much interest you will pay over a given length of time for each $1,000 that you borrow.

For example, assume you plan to finance a $20,000 mortgage over a 20-year period at 6 percent. Find "20 years" in the mortgage periods at the extreme left of the table. Then run your finger straight across the chart at the 20-year level until you come to 6 percent. The amount you will pay - $720.80 per $1,000 of mortgage - is listed there. A $20,000 mortgage will, therefore, cost 20 times $720.80 in interest - or $14,416 in interest.

As you can easily see, the shorter the term the less interest you will be required to pay. To demonstrate this another way, compare the monthly payments - which, of course, include both principal and interest - on a $20,000 mortgage at 6 percent over a 20-year period to the monthly payments on the same amount ($20,000) at the same rate (6 percent) over a 30-year period. Payments on the 20-year mortgage will be $143.20 while on the 30-year mortgage they will be only $120.00. But don't be fooled. Next multiply these figures by the number of payments involved in each transaction - 240 payments over the 20-year period, 360 payments over the 30-year period. Thus, you will determine the total amount of the mortgage, or the amount that must be paid. For the 20-year mortgage the total will be only $34,368.00, whereas the total amount to be paid for the 30-year mortgage will run considerably higher, at a figure of $43,200.00.

	Cost per $1,000 (borrowed)			
	5 3/4%	6%	6 1/4%	6 1/2%
15 years	$495.80	$519.20	$544.40	$569.60
20 years	$687.20	$720.80	$754.40	$790.40
25 years	$890.00	$935.00	$980.00	$1,028.00
30 years	$1,024.00	$1,160.00	$1,217.60	$1,278.80

Summary Principles of Home Buying

1. Home ownership provides both satisfactions and responsibilities.

2. Thoughtful analysis of one's budget and future earning power is needed in estimating ability to pay for a home.

3. A common mistake is "over buying" - buying a home that one cannot afford.

4. Both the nature of the community and the location of the house within that community are important factors in selecting a home.

5. Professional advice of such experts as home loan officials, architects, contractors, and lawyers should be secured before entering into a contract.

SHORT TERM CONSUMER CREDIT

Introduction

The use of consumer credit has been an important factor in the growth of the American economy. It has contributed to the increased capability of consumers to demand and obtain without delay a variety of goods and services. Credit has permitted consumers as well as industry to increase the production and consumption of goods and services. Although credit does permit more immediate satisfaction of needs and desires, it does not increase total purchasing power. Thus, the standard of living is raised, but at the expense of the assumption of debt. Credit has helped many individuals and families to buy and furnish homes, obtain automobiles, and take care of many of the financial problems that confront them. On the other hand, when credit has been used indiscriminately and without understanding, it has resulted in financial loss, family discord and concern, and decline in the level of living.

The use of consumer credit—and the ability to borrow—have expanded very rapidly in the post-World War II period. People are buying a variety of items on credit and increasing personal debt to an extent never before known. The prices of such items as television sets, washing machines, automobiles, motor boats, and trailers do not permit the average citizen to buy them from his available cash. But some people want the satisfaction of owning such items even though they may not have the ready cash. For them, credit becomes the answer. As a result, the volume of consumer debt (outstanding consumer credit) has assumed vast proportions. The Federal Reserve Board release of January 1967, indicates that installment credit outstanding totals $74 billion, Total consumer credit outstanding, including installment credit, charge accounts, and non-installment credit amounts to $93.5 billion, It is estimated that approximately two out of every three American families have some outstanding debt. Even more pertinent is the fact that four out of every five newly-married couples will make repeated use of credit to obtain the goods and services that they desire. At the same time a more sobering fact is that most of the families who assume credit obligations have little or no ready cash available to meet financial emergencies. The number of personal bankruptcies is on the increase; the present rate is higher than that which prevailed during the height of the depression of the 1930's. In view of the relative affluence of the present period, the large number of bankruptcies indicates widespread misuse of credit. The assumption of only that debt that is within reason (within one's financial capability to repay) can be a positive force. Concern develops when credit is used to achieve immediate objectives without regard for the consequences.

Outcomes - Help each student to:

- Develop understanding of the proper uses of credit
- Recognize the dangers of credit
- Learn that credit permits people to "buy now and pay later"
- Understand that the wise use of credit stimulates the manufacture of goods, helps families acquire assets, and raises the general level of living.

Summary

Credit is valuable tool in the hands of the consumer who is able to control it and use it prudently. Credit employed wisely can benefit not only the individual consumer, but the producer and the entire economy as well.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
HOW DID CREDIT DEVELOP?			
. To meet the needs of industry for funds to expand . To help individuals meet the needs they otherwise could not meet because of lack of cash . To stimulate sales of merchandise and services	Have a bank official explain to the class how business borrows money through loans, bonds, etc. Have pupils clip notices from the newspapers of personal bankruptcies, sheriff's and marshal's sales and auctions. Discuss probable causes for such financial trouble and relate them to unwise use of credit.	*The wise use of credit.* (film, B/W or color). *Consumer credit facts for you,* Mors, W.P.	Consumer credit developed to help consumers obtain the immediate use of cash for large expenditures such as home purchase and emergency needs. The consumer must pay for the use of cash advances (credit) to cover costs of doing business and profit for the lender.
FOR WHAT PURPOSES IS CREDIT USED?			
. To obtain goods: homes, automobiles, appliances, furniture, etc. . To obtain services. ("Fly now, pay later.") . To obtain money	Obtain copies of installment sales contracts and chattel mortgages for examination by the students. Have the class analyze a newspaper to see how many advertisements mention the possibility of credit purchases. Have students examine loan applications from a bank, a personal finance company, a credit union, and an insurance company.	*It's everybody's business,* (credit and the flow of money) U.S. Chamber of Commerce. *The littlest giant,* film, 16 min. (story of consumer credit). *To protect the American consumer.* Message of President Johnson, Feb. 16, 1967. The White House.	The availability of credit stimulates the demand for consumer goods. Credit is used for immediate satisfaction as opposed to savings for deferred satisfaction. Credit used wisely stimulates the manufacture of goods, helps families acquire material assets, and raises the general standard of living.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS CREDIT?			
It is a promise to pay at a future date in exchange for the immediate use of goods, services, or money. Credit involves trust. The person that lends the money trusts that it will be repaid.	Do families use credit within the family? (Promises of money, gifts, entertainment, etc. payable in the future.) Have the class list examples of credit extended to them by parents, brothers, sisters, etc.	*A guide to consumer credit*. Margolius, Sidney. Public Affairs pamphlet No. 348.	The use of credit is an accepted way of doing business in buying and selling goods and services.
HOW DID MONEY SYSTEMS DEVELOP?			
Before "money," men "swapped" goods and services. Valued items such as furs, skins, stones, jewels, metals, etc. were first used as a medium of exchange. The need for a convenient, light, universally accepted item of value which could be exchanged for other items of value led to the use of coin and paper currency.	Have the class give instances of swapping services (shoveling snow, washing dishes, helping move, etc.) Ask the class to give examples of goods they have exchanged. (Two "$25,000" kittens for one "$50,000" dog, marbles, tops, jewelry, picture cards, etc.) Assign a different product to each student (car, watch, tape recorder, washing machine, etc.) and then let them try to swap their item for things of approximately equal value.	*The consumer and his dollars* Schoenfeld & Natella. pp. 169-173. *Money and banking in the American economy*, Welfling, Weldon. Council for Advancement of Secondary Education, CASE Economic Literacy Service No. 3. pp. 4-7. *The story of American banking*. The American Bankers Association. pp. 8-12.	In a primitive economy, most needs were met by exchanging (bartering) goods. The Industrial Revolution, the development of specialized factory work, and the paycheck system spurred the change from a system of barter to the use of money as the medium of exchange.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE THE DIFFERENT FORMS OF CREDIT?			
Installment - more than one delayed payment (Ex. 12 payment loan) Noninstallment - one delayed payment (Ex. - telephone bill) Cash - borrowing money which is to be repaid under previously agreed conditions Sales - obtaining goods or services with a promise of subsequent payment	Discuss with the class how forms of credit differ and in what ways they are the same. Have the class determine the difference in cost for the same color television set depending on the method of purchase: . cash . credit purchase from dealer . obtaining a money loan and using the proceeds to pay for the television set Discuss why it is impossible in today's world to follow the advice: "Neither a borrower nor a lender be."	*Consumer economics*, Wilhelms. Heimerl, & Jelley. *Consumer economic problems*. Wilson & Eyster. *The consumer and his dollars*. Schoenfeld & Natella. *Cost of providing consumer credit*. Smith, Paul. National Bureau of Economic Research, Inc.	Credit involves debt. There are definite responsibilities and obligations that accompany the use of credit. There are advantages and disadvantages in the use of each form of credit. Credit should only be used when absolutely necessary. Credit should be employed primarily for the purchase of major durable goods that will outlast the payment period.
WHAT ARE THE SOURCES OF CREDIT?			
Banks, credit unions, sales and personal finance companies, insurance companies, merchants, and pawn shops	Have a banker discuss the differences among savings, commercial, and savings and loan banks.	*Borrowers turn to odd spots*. Business Week, 1936: 65-66. October 8, 1966.	The true cost of borrowing money varies with each kind of lending institution.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Credit cards, charge accounts, revolving accounts	How do credit card organizations such as Diners Club and American Express make money?	*When you use credit.* 1965. 0-760-071. U.S. Government Printing Office.	
HOW MUCH DOES CREDIT COST?			
Constant Ratio formula $i = \frac{2md}{p(n+1)}$ i = rate of charge m = number of payments in one year (12 if monthly, 52 if weekly) n = number of payments to complete repayment of debt d = total finance charge in dollars p = price of goods minus down payment Dollar cost - down payment plus total of all installment payments. Subtract the price of the merchandise from this total to get the dollar cost.	Have students copy the credit information from subway, bus, and newspaper advertisements and then work out the problems in class according to the constant ratio formula. Why the discrepancy between the stated rate and the true annual interest rate? For five years prior to his defeat in 1966, Sen. Paul Douglas of Illinois proposed the enactment of a "Truth in Lending" law. . Have the class determine from newspapers the provisions of this bill. . Why was this bill not reported out of committee?	*Consumers all: the yearbook of agriculture 1965.* United States Department of Agriculture 1965. pp. 157-161. *The buying guide issue.* Consumers Union of the U.S., Inc. December, 1966. pp. 391-394. *Consumers quick credit guide.* United States Department of Agriculture. *Hearings before a subcommittee of the committee on banking and currency.* U.S. Senate, 87th Congress, 2nd Session on S. 1740. *Truth in lending.* Morse, Richard. Department of Family Economics, Kansas State University.	The true interest rate on credit purchases which apply either the "add on" or the discount method is approximately double the quoted rate. Credit costs are complex and difficult to determine. Careful examination is required for understanding. If you don't understand them, get help from impartial sources.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Other credit costs: credit life insurance; service charges (processing, investigation, handling, late charges, etc.)	In 1966 the State of Massachusetts enacted a "Truth in Lending" law. Discuss the effects of this law on consumers, business, and the general community.	*Credit: master or servant?* Cat. No. D.2.14: Pa-10. 1966. U.S. Government Printing Office.	
WHAT ARE METHODS OF COMPUTING INTEREST?			
Add-on, discount, and simple interest Both the add-on and discount methods result in higher payments since interest is charged against the full amount even though the balance is being reduced continually. Simple interest is charged only against the unpaid balance.	Discuss with the class the reasons for using simple interest on home mortgages. Have a credit official explain to the students the differences among the various forms of interest computation.	*Shopping for credit.* Morse, Richard. Council on Consumer Information, University of Missouri, Columbia, Missouri. Pamphlet No. 16. *In your interest.* Industrial Union Department, AFL-CIO. Pub. No. 39. *Finance facts yearbook.* National Consumer Finance Association.	Shopping for credit, like shopping for any commodity, should be performed in an intelligent fashion. A good credit rating must be earned; it is a valuable possession. Knowledge of how to compute interest rates can save money. A revolving charge account at a department store permits the use of credit, within limits, at an interest rate of 1½% per month on the unpaid balance. This amounts to 18% per year.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
HOW DOES AN INDIVIDUAL QUALIFY FOR CREDIT?			
The Three C's of credit Capacity - sufficient income to repay the debt Character - personal traits, stability, and general reputation within the community Capital - possessions that could conceivably be used to repay the obligation if other income was not available	Have a representative of the local credit bureau explain the importance of credit ratings and their effect on borrowers. Examine with the class a credit application to see how it determines the Three C's of the applicant.	*Consumers' credit and wealth*. National Foundation for Consumer Credit. *The role of the consumer - and of consumer credit - in our economy*. Dauer, Ernst. Household Finance Corporation. *Your shopping dollar*. Money Management Institute. (plus the other pamphlets and filmstrips in the series). Household Finance Institute.	The use of credit commits the borrower to repayment, which then becomes a priority item in his list of obligations. An individual's way of life affects his ability to obtain credit. He must meet certain standards in order to qualify for credit. An investigation is carried out before granting credit.
WHAT ARE THE DANGERS OF CREDIT?			
Tendency to overuse due to relative ease of obtaining credit Lack of understanding of credit Use of all "extra" money for credit payments	Why are many merchants more anxious to sell on credit terms rather than for cash? Have an attorney explain the legal obligations that a borrower assumes by signing a credit contract.	CUNA - Credit Union National Association. Madison, Wisconsin. *The consumer and his dollars*, Schoenfeld & Natella.	Credit is used as an inducement to create increased demand for goods. Credit cards have intensified the problems of overuse of credit.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Credit can result in taking on an obligation to pay far beyond expectations or ability to pay. People in desperate financial circumstances may resort to loan sharks (money lenders who charge usurious rates of interest.)	Have the class discuss the relationship between credit and "keeping up with the Joneses." A national retailing chain has publicly stated that it makes more money on credit than on the sale of merchandise. How is this possible? Discuss the differences between gasoline credit cards and the all-purpose type. Why do the gasoline companies issue credit cards? Have the class discuss the reasons for the existence of loan sharks. Discuss the validity of the statement, "The legal limit on interest is 6%."	*Why auto dealers don't like cash buyers.* Consumer Reports, May 1965. pp. 258-261. *Know your rights...when you buy on time or finance insurance premiums.* State of New York Banking Department. *Facts you should know about borrowing.* Better Business Bureau, Boston, Massachusetts. *Using consumer credit.* Unit No. 9. *Consumer education study.* National Association of Secondary School Principals. *An act regulating certain retail installment sales and services.* Massachusetts Law. Acts, 1966 - Chapter 284. The Consumers' Council, State House. Boston, Massachusetts. *Quick credit cost computer.* The Savings Bank Association of the State of New York	Many people misuse and abuse credit with resulting financial difficulties due to a lack of understanding and knowledge of its intricacies. Continually resorting to the use of credit for purchases of all types is wasteful since the cost of the product is increased by the credit costs and the product may have outlived its usefulness before the end of the payment period. Since there are many sources of credit, the consumer should make comparisons in order to obtain credit from the source that best meets his needs. The use of credit can become a habit leading to unnecessary and wasteful spending.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Read some of the cases discussed in *The spender syndrome*. Listen to the recording of actual case studies of consumers who became over-extended in their use of credit. Ask pupils to relate cases of persons whom they have known who have had similar difficulties. What suggestions does the class have to make regarding the use of credit?	*Consumer credit*. Human Resources Administration, February, 1967. *The spender syndrome*, University of Wisconsin Extension.	It is wise to keep one's personal debt below 20% of annual take-home pay (advice of Henry J. Marin, President of credit union movement's CUNA organization). The cost of credit is a relative thing measurable both in terms of dollar costs and satisfactions. The unwise use of credit may produce a "narcotic" effect that may lead to seemingly insurmountable money problems and perhaps even to family bankruptcy.

An illustration of charges involved in an actual transaction

Color television - selling price, $629.95 plus $12.60 tax - $642.55
down payment 100.00
balance $542.55

(1) Cost of credit from a merchant - $26.93 for 24 months

$$i = \frac{2md}{p\ (n+1)} = \frac{2x12x106.32}{542.55\ (24+1)} = \frac{2551.68}{13563.75} = 18.8\%$$

(2) Cost of credit from a bank - $540.00
$ 26.13 for 24 months

$$i = \frac{2md}{p\ (n+1)} = \frac{2x12x87.12}{540\ (24+1)} = \frac{2090.88}{13500.00} = 15.5\%$$

(3) Cost of credit from a finance company $540.00
29.00 per month x 24 months

$$i = \frac{2md}{p\ (n+1)} = \frac{2x12x156}{540\ (24+1)} = \frac{3744.00}{13500.00} = 27.7\%$$

BUDGETING AND MONEY MANAGEMENT

Introduction

Most individuals, as well as families, are concerned with money problems. A financial plan is essential to the individual who is constantly striving to stretch his dollars to make them cover expanding expenses. The specific plan one chooses for managing his money is highly personal and individualistic because it includes all of the goals that the consumer has set for himself. It involves as well setting up priorities for the order in which he would like to achieve these objectives. The exercise of choice and decision-making in rational purchasing is predicated either on the possession of ready cash or the capacity to earn money to repay credit purchases. The consumer cannot make a decision without first assuring himself that not only can he afford the purchase but that it will not prevent his making a more necessary or desirable purchase.

Coming to grips with the problem of money management has been a difficult task for many consumers. In fact, the inability of families to manage their money has been a major cause for the break-up of families and, especially in teenage marriages, a reason for divorce.

Budgeting is part of money management in that it is the physical plan for allocating income to obtain maximum benefits. The budget is a tool which enables the individual to examine his financial condition and determine the course of action that will achieve the greatest amount of satisfaction for him. The intelligent use of money can elevate the level of living of the individual to a standard which would not be possible without discipline and planning. Thus, in essence, discipline, planning, and common sense are the main ingredients for effective financial planning.

In building a budget, the first objective is to see that allowance is made for basic expense items (necessities) before the purchase of luxury items is planned. The second objective is to build a flexible budget that can be adjusted to meet changing needs and conditions. Such a budget, individually tailored to meet specific needs, and planned in terms of priority of needs, formalizes the money management process.

To some, the budget can be as informal as a guideline for expenditures and savings, while to others it can assume the proportions of a personality or conscience. No matter what the circumstances, however, the budget is a device to be used by, but not to dictate to, the individual or family.

Outcomes - Help each student to:

- Develop understanding of the need for financial planning
- Learn that objectives and goals affect his way of life
- Recognize his wants and needs and establish priorities for achieving them
- Acquire the information and skill necessary for developing and using a budget
- Understand that sound money management is a prerequisite for intelligent consumer behavior

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS MONEY MANAGEMENT? It is financial planning It enables you to organize your resources in order to achieve maximum use of the dollars available It involves understanding of the way in which your dollars are spent, saved, and borrowed	Have the class discuss the difference between the following statements: . A family's level of living is based on its income. . A family's level of living is based on its values and objectives.	*Managing your money*, Division of Home Economics, Federal Extension Service, U.S. Department of Agriculture; March 1964. Superintendent of Documents. *Helping families manage their finances*. Agriculture Research Service, U.S. Department of Agriculture; June 1963. Superintendent of Documents.	Goals, objectives, and individual values affect your consumer behavior and attitudes - the way in which you live. Money management is fundamental in that it is the basis for any decision that is made in the market place. You must be aware of the state of your finances before making your choice. Choice can be intelligent only if you have sound financial planning. Money management is logical, realistic thinking about the source of money income and where and how it is spent.
WHY IS MONEY MANAGEMENT NECESSARY? . To evaluate the use of your money . To get maximum benefits from your income	How do values differ from individual to individual, family to family, community to community, etc.?	*A guide to budgeting for the family*. Agriculture Research Service, U.S. Department of Agriculture, Superintendent of Documents.	

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. To prevent wasteful and unnecessary spending . To maintain personal financial stability	Have each student list his personal values and objectives and then determine how they have been changing constantly, The number of personal bankruptcies is increasing. How does bankruptcy relate to financial planning?	*Tomorrow's families.* Consumer Counsel Office, State of California,	
HOW DOES MONEY MANAGEMENT START? Consciously or unconsciously you manage your money each time you open your wallet. A decision is made to spend or not to spend. You think of what money you have on hand, what other needs you have for it, and when additional money will be available.	Ask a volunteer from the class to tell how much money he has with him. Then ask him when he will be getting more money. At this point, have him tell what his expenditures will be from that moment until he receives additional funds. Listing the expenses with the amounts required for each is actually the beginning of budgeting.	*Budgeting ideas for youth.* National Thrift Committee,	A budget is based on funds available for spending.
	Have the rest of the class similarly see how much cash they have and what their income and expenditures will be.	*How budgets work and what they do.* Institute of Life Insurance,	Our wants exceed our needs; therefore budgeting is necessary.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	After they have finished, find out how many will be short of money and how many will have money left over. What will the individuals who are short do? Will they borrow? Will they cut down on expenditures? How will the others utilize the "surplus" funds?		
Planning ahead is the key to successful personal money management.	Have the class determine the differences and similarities between a family budget and the government's budget. What does the government do when it is short of funds? Can individuals do the same?	*How to plan your spending*. Connecticut Mutual Life Insurance Company.	
	Discuss the pros and cons of this statement: "The family with a very low income cannot budget because there is no money to budget. If you can't afford the necessities, how can you budget?"		A budget is a plan to enable people to live within their income.
Using money involves an endless series of choices and values.	The average family's expenditure for food is between 18 and 20 percent of disposable income.	*Moderns make money behave*. Institute of Life Insurance.	Budgeting is a personal record of expenses and savings.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	How does this percentage change as income increases? Why? How will this affect the budget?		
Budget planning makes you think about alternatives in spending.	Develop with the class the financial situation of an imaginary family. Their disposable income is _____ dollars per week or month. They use this money in the following way: Food_____, Clothing_____, Shelter _____, Transportation _____, Recreation_____, etc. At this point, have the class discuss possible courses of action when confronted with varying problems which bear upon the budget. Examples: . Can they afford a new washing machine? . They need a larger apartment. What expenses can be cut down or eliminated in order to pay for the additional room?	*Teaching thrift through school savings*. U.S. Savings Bond Division, Training Department. *Money Management*. Citizens and Southern National Bank.	A good budget plans for meeting everyday living costs and achieving your goals. A knowledge of what the family has to spend will develop family unity and a sense of sharing. Budgeting requires self discipline and cheerful cooperation.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	. What kind of vacation, if any, can they take this year? . The family car is falling apart. Can they buy a new car or will it have to be a used one? How much money is available in their budget for monthly credit payments? What savings, if any, are possible?		
HOW IS A BUDGET CONSTRUCTED? Determine your total income. Examine your pattern of spending in the past. List, in priority order, the items to be included in your money management plan. Set aside some money, where possible, for a savings program. If your budget includes other members of the family, all should be involved	Have the students conduct surveys to determine: . How many families budget? . Of those who budget, how many have a written plan? . Are there any who use the "envelope" system? (Envelopes for each type of expenditure).	*Consumer economic problems*, Wilson & Eyster. *Help your child learn about money*. CUNA International, Inc. Consumer Facts Series. *Is there a basic spending plan that really works?* Better Homes and Gardens. October, 1966. p. 8. *A guide to budgeting for the young couple*. Home and Garden Bulletin, No. 98.	The budget must be flexible so that it can be readily adapted to changing needs and conditions. The budget forces you to place each expenditure in proper focus and in order of relative importance. The use of a budget acts as a deterrent against impulse buying. Once a pattern has been established, a budget

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
in its preparation. This permits all to become acquainted with and to decide the goals and values included in the financial plan.	. How often is the budget examined for adjustments? . Of those who claim they do not budget, how many can tell how much they spend for food, clothing, etc.? Have the students draw up budgets for their own or their family's expenditures.	Agricultural Research Service, U.S. Department of Agriculture, Superintendent of Documents.	does not necessarily have to be written in order to be effective.
WHAT FACTORS INFLUENCE FINANCIAL PLANNING? . values . goals . income . basic needs . taste . family and friends . fads, fashion, and style . the kind of community in which you live . conspicuous consumption (keeping up with the Joneses) . needs based upon daily duties (job, school, etc.)	Questions for class discussion: . How does each student's way of life differ? (career plans, job, hobby, style of dress, etc.) . Is it possible for a family with a small income to budget? . Do you need will power to operate under a budget?	*The consumer and his dollars*. Schoenfeld & Natella. pp. 149-165. *Family budgeting*. Winder, Thelma Vivian. Family Life Education Series, The Baltimore Urban League. *A guide for family financial counseling*. Neal, Charles V. Jr. Council on Consumer Information, University of Missouri, Pamphlet #14.	A plan for spending and saving enables you to satisfy both short and long-term objectives. A budget helps you manage your money more efficiently. A financial plan compels you to place each expenditure in proper focus. You are determining the comparative importance of each in your pattern of living. In effect, you are establishing priorities for each expenditure.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS A BUDGET?			
. A physical plan for allocating money income . A tool that guides the individual in the spending and saving of money . A money management plan to aid in the attainment of objectives and satisfactions of needs and wants	Have the students keep a complete record of their expenditures for a period of one week. Analysis of the types of spending, (the amount spent in relation to income), can be revealing. Discuss how spending habits can be improved based on the information obtained through the above project. Read to the class some of the case studies reported in *The Spender Syndrome*, Center for Consumer Affairs, University of Wisconsin, regarding financial difficulties of various families.	*Money management for young couples*. CUNA International, Inc. Consumer Facts Series. *Your budget*. Money Management Institute, Household Finance Corporation.	Budgeting develops better understanding of the inherent power of money and how you can put it to its best use in terms of your desires. Keeping a budget can provide valuable economic education for the family or individual. You acquire understanding of basic economic principles as they apply to your everyday living from the pattern of spending. By budgeting, you come to understand the principle of scarcity. We all have unlimited needs and wants, yet most of us have limited incomes. Thus, scarcity required that we properly allocate our limited income in order to derive maximum satisfactions.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE THE FUNCTIONS OF A BUDGET?			
It helps you to live within your income. It develops understanding of your financial situation. It permits spending to fulfill predetermined purposes. It achieves maximum utilization of your income. It enables you to save money.	Discuss with the group the differences and similarities of the following statement: . The budget assumes the proportions of a personality. . The budget is your financial conscience. Ask a financial counselor (from a bank, credit union, social service agency, etc.) to speak about the money problems of individuals who fail to establish plans for managing their money.	*Consumer education study, Managing your money,* Unit #17. National Association of Secondary School Principals. *Consumer economics.* Wilhelms, Heimerl, & Jelley. *Your guide for teaching money management.* Money Management Institute, Household Finance Corporation.	A budget is an individual and personal affair. In order for it to be of use, it must be designed and tailored to meet your specific requirements. A definite plan for handling your income gives you a feeling of well-being and security.

Sample Form On Which to Record Budget Estimates

	EXPENSES	WEEKLY	Either or	MONTHLY
Housing	RENT OR PAYMENT			
	UTILITIES			
	HEATING			
	TAXES			
	WATER			
	REPAIRS, APPLIANCES REP.			
Food	FOOD (Groceries, meat & supplies)			
	MILK BILL			
	BAKERY OR DELIVERED GOODS			
Car	GAS & OIL			
	REPAIRS, TIRES, ETC.			
	LICENSE			
Insur-ance	HOSPITAL			
	CAR			
	HOUSEHOLD			
	ALL LIFE			
Per-sonal	BARBER & BEAUTY SHOP			
	ALLOWANCES			
	TOILETRIES			
	CIGARETTES & TOBACCO			
Medi-cal	DOCTOR			
	DENTIST			
	DRUGS			
Clothing	FAMILY			
	CLEANING & LAUNDRY			
Sav-ings	BANK			
	OTHER			
	OTHER			
Gifts	BIRTHDAY			
	CHRISTMAS			
	ALL OTHER			

	EXPENSES	WEEKLY	Either or	MONTHLY	
Education	TUITION				
	BOOKS, PAPERS, MAGAZINES				
	EQUIPMENT				
Donations	CHURCH				
	ALL OTHER				
Entertainment	MOVIES & PLAYS				
	DINNER OUT				
	PARTIES				
	CLUBS & SPORTS				
	BEVERAGES				
	VACATIONS (Planned)				
	BABY SITTER				
Miscellaneous	DUES, UNION & OTHER				
	SOCIAL SECURITY				
	INCOME TAX				
	MISCELLANEOUS				
	INSTALLMENT PAYMENTS (Total)				
	(Use a separate sheet to calculate and insert total here)				
	TOTALS	$		$	

FRAUD, QUACKERY, AND DECEPTION

Introduction

Racketeers, swindlers, and "medicine men" with persuasive appeals are present in most communities. The purpose of this unit is to discuss some of the methods by which these unscrupulous people make their appeal, some typical rackets, and ways in which the consumer may protect himself.

> In the words of President Kennedy: "If consumers are offered inferior products, if prices are exorbitant, if drugs are unsafe or worthless, if the consumer is unable to choose on an informed basis, then his dollar is wasted, his health and safety may be threatened, and the national interest suffers. On the other hand, increased efforts to make the best possible use of their incomes can contribute more to the well-being of most families than equivalent efforts to raise their incomes."

Outcomes - Help students to:

- Seek qualified medical advice when considering the purchase of health devices or medications
- Investigate mail order promotions; check with the Bureau of Consumer Frauds and Protection, Better Business Bureau, Postal Inspection Service, or other informed and impartial sources
- Beware of "wonder" cures or get-rich-quick-schemes
- Cultivate a healthy skepticism about bargains that are too good to be true
- Deal only with firms whose reputation for service, quality, and fair dealing is established
- Go slowly in making decisions; reputable firms will be in business tomorrow
- Understand that deception is not necessarily illegal or visible but nevertheless causes loss to the consumer

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IT SHOULD BE POINTED OUT THAT THE VAST MAJORITY OF SALESMEN AND OTHER BUSINESS MEN ARE HONEST. THESE HONEST BUSINESS MEN ARE HURT BY GYPS AND RACKETS AND ARE ANXIOUS TO EXPOSE THEM. HOWEVER, SINCE THERE ARE UNSCRUPULOUS OPERATORS, IT PAYS THE CONSUMER TO ANALYZE ALL PROPOSALS AND SEEK ADVICE IF NEEDED.

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CONSUMERS, TOO, ARE NOT WITHOUT FAULT. AMONG THE DISHONEST CONSUMERS ARE THOSE WHO ORDER BY MAIL WITH NO INTENTION OF PAYING, THOSE WHO BUY ARTICLES ABROAD AT A DISCOUNT AND TURN THEM IN FOR FULL CREDIT AT AMERICAN STORES, AND THOSE WHO RETURN MERCHANDISE "WHEN THE PARTY IS OVER." SUCH PEOPLE HELP TO RAISE THE COSTS OF GOODS TO THE MERCHANT AND THE PUBLIC.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHO ARE QUACKS?			
People who sell "medicines," food products, or devices with false claims that they promote health or cure disease	Ask a local doctor to discuss quackery	*The four horsemen of quackery: fear, gullibility, deceit & deadliness.* Today's Health Magazine. January 1965.	If you suspect quackery and want more information, consult your local physician, your county medical agency, the Food and Drug Administration, or write to the American Medical Association, Department of Investigation, 935 Dearborn Street, Chicago, Ill. 60610.
Examples of quacks: . food supplement (vitamin-mineral) salesmen . television pitchmen offering cures for "weak blood," and nervous tension . unlicensed drugless "healers" offering "cures" for such diseases as arthritis, cancer, rheumatism	Have pupils write "testimonials" of over-the-counter and other "health" products. How effective are the testimonials? Ask pupils to relate stories to salesmen who promoted health devices or products. (vitamins, diets, wonder cures, etc.) How effective were the products? Could other reasons account for improvement, if such took place? What "sales pitch" did the salesmen use? To what types of people do these quacks appeal? (the fearful, the desperate, the ignorant*)	*Mail order quacks harvest dollars and death.* Today's Health Magazine. March 1961. Ask your local postal inspector to discuss the work of the U.S. Postal Inspection Service. *The face burners.* Today's Health Magazine. June 1966. *Doctor Abrams - Dean of medicine quacks.* Today's Health Magazine. June 1966. *Beware of health quacks.* American Medical Association.	It is estimated that 100,000 quacks annually fleece 25 million Americans with worthless "health cures." Ignorance and willingness to believe claims without checking are the major reasons why quacks flourish. Mail order quacks annually bilk Americans of $50 million through "medical" mail order frauds. The most serious result of quackery is that it may lead a person to postpone securing needed medical diagnosis and treatment.

*Ignorant does not necessarily mean uneducated. It includes those lacking practical knowledge and "horse sense."

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE SOME TYPICAL "SALES PITCHES"? . testimonials . "new" or "wonder cures" . new "scientific discoveries" . special "introductory" prices . claims of vitamin needs unmet by normal foods . ways of breaking the smoking or drinking habit	Make a collection of advertisements of products of questionable value. Would older people be influenced by such advertising? Why is fear one of the potent forces to make victims susceptible? What other motivations are used?	*The fine art of fraud.* 21 minute color film from the Bureau of Consumer Frauds and Protection, New York State.	The informed consumer is best able to: . avoid phony cures and fake medical devices . think critically about claims in labeling and advertising . use drugs safely . choose health services carefully . resist fraudulent appeals for worthless nostrums
APPEALS TO TRY WHAT KINDS OF PRODUCTS ARE ESPECIALLY EFFECTIVE WITH YOUNG PEOPLE? . reducing diets or pills . devices to develop parts of the body . remedies for acne, psoriasis, pimples, etc. . "beauty" aids . appetite depressors (diet reducing claims)	With the help of parents and friends, make a study of the following types of promoters. Discuss their techniques and products: . "doorbell doctors" without medical qualifications who sell health "cures"	*First facts about drugs.* FDA Publication No. 21. *Merchants of menace.* American Medical Association. *How teens set the stage for alcoholism.* American Medical Association.	Medical authorities assure us that a healthy person, eating a well-balanced diet, gets all the needed vitamins, minerals, and other nutrients needed. If dietary supplements are needed, doctors prescribe them on an individual basis to meet special needs.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. tranquilizers . depressants barbiturates - known as "goof balls," also called "sleeping pills" . stimulants amphetamines - known as "bennies," also called "pep pills" . "allure" articles (perfumes, etc.) . mechanical devices for reducing, including vibrators and "electronic" reducing and "body toning" machines	. "health" lecturers who promote certain types of food or cooking utensils . radio or television "authorities" without professional medical training who directly or indirectly promote commercial sales of alleged health products . authors of books or magazine articles advocating quick "cures" for arthritis, cancer, obesity, etc. . pitchmen with reducing gimmicks to "melt off ugly fat," "stop counting calories" or "break up fatty deposits" . companies with products to "clear up ugly blemishes," "wipe away pimples" etc. . salesmen with "cures" or "remedies" for alcoholism	*Expose the medicine man.* (Film B/W) - available for return postage only. Film Library, American Medical Association. *Acne remedies.* Everybody's Money - Autumn 1966. Credit Union National Association. (CUNA) *The medicine show.* (Truths about popular products for common ailments.) Consumers Union.	Your physician is the only person qualified to diagnose your ailments. The Food and Drug Administration carries on a constant program of enforcement of food and drug regulations to protect the nation's health. The FDA regulates only products in interstate commerce, and only certain kinds of foods, cosmetics, and drugs. State agencies must provide intrastate protection where needed.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE SOME TYPICAL GYPS AND RACKETS?			
Referral racket - . A door-to-door salesman asks for the names of friends and relatives who might buy his product. He promises payment for each person who buys the product. The product is usually over-priced. The sales contract is usually a high-interest installment contract.	Have pupils bring in examples of referral sales. Discuss techniques used in making sales and the performance of the product.	Ask the New York Bureau of Consumer Frauds and Protection to furnish examples of referral sales.	*The ten point buying guide for consumers* prepared by Attorney General Louis J. Lefkowitz - Bureau of Consumer Frauds and Protection) suggests the following:
	Learn how to prepare a complaint and to whom to present it. Have the class prepare a written complaint against an alleged gyp.	*Everybody's money.* Autumn 1966. CUNA. p. 23.	. Don't be misled by the dealer who lures you to his establishment with an attractive advertisement of a standard brand item and then tries to talk you into a higher priced off-brand article.
Misleading advertising - . Advertised information is not necessarily the same information as is on the label or package insert which are defined as labeling.	. Document the facts (who, when, where, what) . Decide to whom the complaint goes	*Buyer beware,* Trump, Fred. Better Business Bureau.	. Don't be blinded by "bargains" offered at prices which are hard to believe.
. Label information may be accurate and within the law, but not correspond to advertised claims.	. Be constructive. State what action you wish to be taken.	Chamber of Commerce	. Don't be rushed into buying anything by talk of a "golden opportunity."
. Advertised matter (not covered by the same law) may be misleading and false. Ex. An over-the-counter drug may be labeled as effective for minor aches and pains, and simple headache with no further	Learn to spot misleading advertising. Read the merchandise bargain pages of metropolitan newspapers. Select advertisements which promise more than might be delivered. Watch for overcharges on "postage and handling." Have pupils "shop" these advertisements.	Local district attorney *News summary and advertising alert.* Federal Trade Commission. *The enforcement report - fraud/obscenity/extortion.* Postal Inspection Service. (published monthly.) *Information service.* Post Office Department. (monthly report of postal frauds; interesting case studies.)	. Don't allow a door-to-door salesman to leave merchandise with you on an "approval receipt," until he returns.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
claims. Yet television or newspaper advertisements may claim that the product is good for bursitis, rheumatism, arthritis, jittery nerves, sleeplessness, etc. If the product is not effective for these conditions, the advertising is false and misleading.	Learn how to complain about misleading advertising. Have pupils contact the Better Business Bureau, Bureau of Consumer Frauds, Chamber of Commerce, or Bureau of Investigation, Federal Trade Commission, to learn of assistance these bureaus furnish. In the case of mail fraud, contact the local postmaster.	*They can't get it for you wholesale.* Better Business Bureau. *You can't get it wholesale.* Consumer Bulletin, Consumer Research, March 1964. *Wolves who wait at the factory gate, The great sewing machine racket, Don't fall for these gimmicks, The straight pitch* - all from Better Business Bureau, Washington, D.C.	. Don't permit a household appliance or television or radio set to be taken from your home for repairs without first receiving in writing an estimate of the probable repair cost. . Don't use the article delivered to you if you find that it is not the same as you ordered, and immediately notify the seller of the discrepancy. . Don't accept an oral guarantee. . Don't sign a contract without reading it carefully. . Don't make financial commitments which you cannot possibly meet. . Don't hestitate to investigate before buying.
"Wholesale prices - There is no such thing as getting "wholesale" prices unless one is a retailer or jobber and buys in quantity (or perhaps has a relative in the business).	Have pupils clip advertisements offering "wholesale" prices. If possible appoint a committee to "shop" the goods offered and compare with the prices of the same or similar goods offered at retail or discount stores.		
The "free" gimmick. There is no such thing. All gifts, prizes, stamps, premiums, etc. must be paid for and it is the customer who pays.	Ask a merchant to discuss the cost of trading stamps and other premiums.		There is no "free lunch" - or anything else that is really "free."
"Cancel at any time" or "money cheerfully refunded." Reputable merchants *do* honor these promises but many "fly by	Have the class make up a bulletin board display of gimmicks such as "low price while we are making a survey." "You may cancel		

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
night" mail order operations do not allow cancellation or make refunds.	anytime," sympathy appeals, (working way through college, help for orphan home, etc.), "only a few cents a week," "you have been specially selected," "connected with your child's school," "special price for a limited time," etc. Have each such appeal analyzed to see what it really offers and what the catch is.	*Consumer credit.* City of New York, Human Resources Administration. (Brochure describing the sales deceptions practiced in low-income areas of New York City.) *Consumer issues '66. Report to the President from the Consumer Advisory Council* - White House, Washington, D.C.	
Bait and Switch tactics - Services or products are advertised at ridiculously low prices and then disparaged in favor of higher priced items or services.	Have pupils interview parents regarding their experiences with bait and switch proposals.		Beware of the merchant who regularly advertises low cost goods which are "not available" or which he tells you are inferior.
Bogus contests - A "lucky winner" is offered prizes or "free services."	Almost all pupils have had experiences with bogus contests. Have them role play, taking turns in telephoning "customers" to announce the winning of prizes, etc.		
The home improvement racket - Fly-by-night operators make a gold mine out of home repairs and improvements. Their techniques include: . model home pitch	Why do dishonest home repairmen find it so easy to sell services and products? (pride in home, lack of knowledge, fear for family safety, etc.)	*Tips for homeowners, Horrors in storm windows, Home improvements - No. 5, Termite Control - No. 3, Public service of private business in the public interest, Rugs and carpeting,* - all from	Thirteen billion dollars was spent on home repair in 1965; it is estimated that 4-8 percent of it went for rackets. Check with the Better Business Bureau, the Bureau of Consumer Frauds

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. lucky prize winner contests . "factory" or "wholesale prices" . bait and switch techniques . misrepresentation of interest rates . free gifts . scare techniques (owner is led to believe family is in danger) . salesmen posing as "official inspectors"	Examine a home improvement contract. What guarantees are provided? What are the true financing charges? Have an attorney explain the problems of assignment of contract, liability for mechanic's liens, etc. which may arise in dealing with a gyp outfit.	Better Business Bureau, Washington, D.C. *The quality of TV repair services.* Consumer Reports, Feb. 1967, Consumers Union.	and Protection, or other recognized authority if in doubt about the company offering services. The newly formed National Home Improvement Council (Washington, D.C.) resulted from industry recognition of the problem. It seeks to combat fraud and to protect both the consumer and the legitimate contractor.
Other Rackets and Gyps . Pigeon Drop Hoax . chain letters . chain referral sales rackets . charity rackets . song shark publishers . confidence schemes	Let the class explore other rackets such as are sometimes found in automobile repair, earn-money-at-home schemes, the jewelry trade, television repairs, etc.	*Facts you should know about jewelry, Earn money at home schemes,* - both from Better Business Bureau. *A reference book of state services to the consumer* - (guide to State agencies that protect consumers) - available through N.Y. State Department of Commerce.	Deal only with reputable concerns. Check with the Better Business Bureau or Chamber of Commerce if not sure. Rackets and fraud breed on the greed of consumers who are looking for something for nothing.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Some of the following are legitimate, many are not; all should be investigated: vending machine promotions, mail order business promotions, franchises and distributorships, sign rental businesses, tube testing businesses, correspondence schools (check to see if approved by the National Home Study Council) dance studio contracts, Lonely Heart Clubs, food freezer plans.		*Mail fraud* - obtainable from local postmaster. Materials from the Federal Trade Commission, Washington, D.C. . *Fight back! The ungentle art of self defense* . *Guides against bait advertising* . *Guides against deceptive packaging* . *Guides against debt collection deception* . *Investigate - stop - look* . *Let's join hands to prevent consumer deception* . *The consumer's right to know: political, rhetoric or economic reality?* . *Deception in the market place of the poor: the role of the Federal Trade Commission* . *Our most urgent task: to protect the consumer needs of our poverty-stricken families*	To avoid being gypped: (Advice of Federal Trade Commission) "The first line of defense against the gyp artists should be manned by you, the consumer. No governmental policing is as effective as the chin-pinching purchaser who is willing to shop for what he wants and who is intelligent enough to judge what quantity and what quality he should receive for the price he pays. Just plain old coldblooded shopping makes it tough on the gypsters. And reputable businesses welcome the buyer who gives honest merchandising the favorable consideration it deserves. "The second line of defense is manned by consumers with enough courage to make themselves heard after they have been gypped in their purchases, or even when they have succeeded in avoiding a trap set for the less sophisticated."

Bureau of Consumer Frauds and Protection

Among the great number of firms engaged in commercial activities, there are some that engage in "shady" business practices. Therefore, to protect consumers, the State of New York, through its Department of Law, has established a Bureau of Consumer Frauds and Protection. The function of the Bureau is to assist the consumer who has been victimized as well as to protect the legitimate businessman by restraining those engaged in fraudulent or illegal business practices.

Through the efforts of the Office of the Attorney General, firms engaged in illegal activity have been prosecuted. A body of case law relevant to consumer education has been developed. A few abstracts of these cases are given below. They may be used to good advantage to stimulate student interest in consumer purchasing problems and to underscore the need for an analytical and careful approach to buying. From a discussion of these cases, pupils may learn to recognize fraudulent or unscrupulous practices.

Case No. 1. Delivery and Installation Charges

A customer signed a contract for the purchase of an air conditioner at a stated price and assumed that delivery was included in the cost. When the unit was delivered, the delivery man informed the customer that there would be a delivery charge. If the customer refused to accept the unit under this condition, he was told that he would have to pay a charge for its return to the dealer.

Acting under a new law, the Bureau of Consumer Frauds and Protection of the Attorney General's office obtained an "assurance of discontinuance" from 18 firms engaged in such unscrupulous practices.

Case No. 2. Improperly Identified (labeled) Products

Thousands of record fans who thought they were purchasing record albums by famous recording artists were victims of a scheme devised by a producer of a series of long-playing phonograph records.

Investigation by the Bureau of Consumer Frauds and Protection revealed that the featured recording artist performed relatively few of the total number of selections on the advertised recording.

An "assurance of discontinuance" of this practice was obtained from this firm by the Attorney General.

Case No. 3. "Bait" Advertising

A Nassau County company advertised wall-to-wall carpeting. It was alleged that the company, which advertised three rooms of wall-to-wall carpeting for $115 , was unwilling to sell the advertised carpeting.

The complaint in this case stated that salesmen of the firm made derogatory remarks about the carpet advertised, in an effort to sell merchandise costing as much as $450. more than the advertised product. The salesmen claimed the carpet advertised "is junk, will not wear well...and will have to be replaced within months."

Through the cooperation of the Metropolitan Better Business Bureau and the Attorney General's office court action is pending in this case.

Points to Ponder

Quotations from the Proceedings of the National Congress on Medical Quackery, October 6-7, 1961, Washington, D.C.

. Quackery can delude those in good health into thinking they are ill, and those in poor health into thinking they are getting well. Leonard M. Larson, President, American Medical Association.

. If we include in the cost of quackery all that consumers spend needlessly on falsely represented drugs, foods, and cosmetics, the bill surely exceeds a billion dollars a year. George P. Larrick, Former Commissioner of Foods and Drugs, U.S. Department of Health Education and Welfare.

Quotations from the Proceedings of the American Medical Association's Congress on Medical Quackery, October 7, 1966, Chicago, Illinois.

. Let us not be deluded into thinking that fraudulent drugs and devices constitute the sole targets of an anti-quackery campaign. Let us frankly admit that improper medical practice -- knowingly twisted for profit -- this kind of medical practice is quackery, pure and simple, and ought to be the object of major concern by the AMA and this Congress. This is a new face of quackery. James L. Goddard, M.D., Commissioner of Food and Drugs.

. Who is today's medical quack? Is he the old-fashioned lecturer and spieler? Not really. The FDA found less that 50 to bother with in 1965 and only took two legal actions. No, today's fraud is more sophisticated. He runs a special 'clinic' outfitted with all the wonderful gadgetry of a space-conscious nation. During fiscal year 1966 our agency initiated 70 seizures of medical devices. James L. Goddard, M.D., Commissioner of Foods and Drugs.

Quotations from the Proceedings of New York State Congress on Health Quackery, April 7, 1965, New York City.

. If you would hold me to a single definition, I would say that quackery embraces any practice which - for economic gain or out of twisted belief - leads the individual from intelligent health practices or deprives him of health protection. Hollis S. Ingraham, M.D., Commissioner of Health, New York State.

. It is to our shame that, in spite of education and science, some of the slickest of the quacks and cultists are today masquerading in our state with titles and licenses. George A. Burgin, M.D., Past President, Medical Society of the State of New York.

. The federal level can do much in the war against quackery, but it cannot really reach into the minds and emotions of people who reach out for help in their personal struggle against illness. Hon. Harrison A. Williams Jr., United States Senator from New Jersey.

BANKING AND SAVINGS

Introduction

Understanding how financial institutions operate and learning how to choose and use their services should be among the major objectives of the consumer education course.

Historically, banks and other financial institutions were concerned primarily with safekeeping money for others. Today, while still continuing this function, they are a vital force in promoting orderly economic growth and in serving business and consumers in a variety of ways.

In the United States, the Federal Reserve System acts as a central bank. The actions of the "Fed" and certain other governmental agencies influence the lending policies of financial institutions. Consequently, the financial plans of both consumers and businesses are affected. For example, a change in the prime interest rate will affect the costs of credit or a home mortgage.

For the consumer, it is important to understand how to make effective use of the services of financial institutions. This knowledge should assist him in obtaining financial services at reasonable costs and in securing a safe and fair return on his savings. In addition, the consumer should gain understanding and experience in handling his personal financial records so that he can handle his money and his credit needs in an effective way.

Outcomes: Help each student to become familiar with:

- The functions of the three different kinds of financial institutions: savings banks, commercial banks, savings and loan associations - and how each can serve the consumer
- The advantages to the consumer in using banking services intelligently
- The importance of thrift and saving to help the consumer achieve his goals
- One or more methods of estimating true annual interest costs on various types of loans
- The financial services offered by credit unions and insurance companies
- Security passbook or other collateral loans
- How compound interest works to make savings grow
- Reconciling a bank statement; the purpose of endorsements; the different kinds of endorsements
- Keeping a checking account; avoiding overdrafts; reporting errors and forgeries promptly

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS A BANK?			
A bank is an establishment for: . the custody of money . the extension of credit . the transmission of funds by drafts or bills of exchange	Have the class visit a commercial bank and a savings bank. Arrange for an official at each institution to explain the services offered to business and consumers. Using local banks as examples, list and explain the various functions performed by these banks. Appoint a committee of students to obtain information and report to the class about the origin of commercial banks, (Available in encyclopedias, economics textbooks, etc.)	*How to manage your money.* Marine Midland Banks, Family Finance Handbook. *Economics and the modern world*, Abbott, Lawrence. pp. 357-358. *Economics: An introduction and analysis.* Samuelson, Paul A. pp. 319-321; and pp. 323-327.	Banks originated as safe-deposit institutions. They expanded their activities to include lending, borrowing, creating, issuing, and taking care of money. At one time U.S. banks issued paper money (currency). Now, all currency is issued by the Federal Reserve.
WHAT ARE THE DIFFERENT TYPES OF BANKS?			
The two major types of banks are: . Commercial banks . Savings banks	Differentiate between a commercial bank and a savings bank. What consumer services does each provide?	Bank officials. Business education teachers.	The main purpose of commercial banks is to lend money to business firms for short periods of time. However, they also provide valuable services for consumers.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Ask students to find out from their parents or friends what banking services they have used. If students have savings accounts, ask them to describe how the accounts were opened, when interest is paid, what the interest rate is, and for what purpose they are saving.		The main purpose of savings banks is to accept deposits from many individuals and to invest in long-term real estate mortgages and high-quality bonds. They, too, provide valuable consumer services.
WHAT IS DEPOSIT INSURANCE?			
Most commercial and savings banks provide insurance up to $15,000 on each depositor's account through the Federal Deposit Insurance Corporation (F.D.I.C.) - an agency of the United States government.	Discuss the importance of deposit insurance to individual depositors. Students should be encouraged to find out if local banks provide F.D.I.C. insurance or if savings and loan associations provide F.S.A.L.I.C. insurance.	*Modern economics*. Wronski, Doody, & Clemens. pp. 245-251. *Economics and the modern world*. Abbott, Lawrence. pp. 357-358.	It is good business practice to deposit money only in banks which provide F.D.I.C. insurance or to buy shares only in savings and loan associations which provide F.S.A.L.I.C. insurance.
WHAT SERVICES ARE RENDERED BY COMMERCIAL BANKS?			
The main services provided by commercial banks are: . Checking accounts (demand deposits)	Show a film or film strips which explain the operation of a commercial bank and a savings bank.	*Economics and the modern world*. Abbott, Lawrence. pp. 358-363	Commercial banks sometimes are called "department store banks" because they offer such a wide variety of services to the public.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Savings accounts (hold time deposits) . Loans to businesses, consumers, farmers, etc. . Mortgages to home buyers, businesses, etc. . Transfer of checks and other funds . Trust facilities . Sale and redemption of government bonds . Letters of credit, certified checks, etc. . Investment services	Through class discussion develop an understanding of the difference between time deposits and demand deposits. Compare interest rates paid to depositors on savings accounts in commercial banks with rates paid on deposits in savings banks and other financial institutions. Compare interest costs on consumer loans obtainable from a commercial bank, a sales finance company, a credit union, a personal finance company, etc. Ask a bank official to discuss the services rendered by the trust department of a commercial bank. Brief reference to wills and estates may be included in this discussion. Prepare a bulletin board display or overhead projector transparency illustrating the check clearing process.	*The consumer and his dollars*. Schoenfeld & Natella. pp. 253-254. *Financial handbook; 3rd ed*. Bogen, Jules. 542-543. *The story of checks*. Federal Reserve Bank of New York. *How to manage your money*. Marine Midland Banks', Family Finance Handbook. Chapters 7 & 8.	Demand deposits are subject to immediate withdrawal by a check written against the depositor's account. Time deposits may be withdrawn from a savings account by presenting a signed withdrawal slip at the teller's window, but some savings banks may require advance notice from a depositor before a withdrawal of a large sum of money may be made. It is smart to shop around and see which type of financial institution offers the most attractive interest rate on savings account deposits. Many people are inexperienced in handling large sums of money. To protect them from fraud or poor judgment in making investments, the trust department of a bank frequently is designated to assume the responsibility of handling their funds. This is known as holding money (or other property) in trust.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT SERVICES ARE RENDERED BY SAVINGS BANKS?			
Some of the services provided by savings banks are these: . Mortgage loans to individuals purchasing, building, or improving a home . Federal Housing Administration (F.H.A.) loans for home improvement or modernization . Sale and redemption of United States bonds for their customers . Passbook loans (loans on customers' deposits) . Money orders and cashier's checks . Safe-deposit facilities . Some savings banks sell life insurance. (See unit on Insurance.)	Write to the Savings Bank Association of New York State, 200 Park Avenue, New York, N.Y. 10017 for a copy of the *Savings bank depositor*. Discuss home mortgage loans. Students should become familiar with Veterans Administration, Federal Housing Administration, and conventional mortgage loans. (See unit on Purchasing a Home.) Discuss effective annual interest rates on mortgage loans as compared with consumer loans. (Note: When a savings bank charges a 6 percent rate, this is the effective annual interest rate. Effective annual rates on consumer loans generally are approximately double or more than the stated rate.) Ask students to visit a local bank and obtain information on passbook loans.	*Financial handbook*, Bogen, J.I. pp. 309-311. *The savings bank depositor*. Savings Bank Association of New York State. See the Winter 1967 and other issues for interesting consumer information. *Consumer economics*, Wilhelms, Heimerl, & Jelley. p. 83.	Savings banks serve as one of the chief agencies where depositors may place their money with the assurance that it will be both safe and will earn interest. Savings banks are able to pay interest because they invest their depositors' money in home mortgage loans, Federal Housing Administration home improvement loans, etc. at a higher rate of interest than is paid depositors. Most savings banks are members of the Federal Deposit Insurance Corporation. Each depositor's account is insured up to $15,000 in banks which carry F.D.I.C. insurance, thus assuring the safety of the investor's principal.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
IS A SAVINGS AND LOAN ASSOCIATION A BANK? . Technically, savings and loan associations are not banks, but they do perform some of the functions of a bank. . They are cooperative thrift associations which encourage home ownership. . Depositors receive shares as evidence of their investment. . Savings and loan associations derive most of their income from real estate mortgage loans.	Have students visit a local savings and loan association to obtain literature regarding savings and loan associations. Also ask them to find out what the current dividend rate is. Invite a speaker from a savings and loan association to visit the class and describe the services which these financial institutions render.	*Financial handbook*, Bogen, J.I. pp. 318-323. *Consumer economic problems*, Wilson & Eyster, pp. 474-475. Savings and loan official.	Savings and loan association - also called building and loan associations - specialize in lending money to home buyers. Investment in savings and loan associations shares may be insured by the Federal Savings and Loan Insurance Corporation up to $15,000. Prospective investors should be certain that the money they plan to deposit in a savings and loan association is covered by deposit insurance.
IS A CREDIT UNION A BANK? . Credit unions - like savings and loan associations - are not classified as banks. . They are defined as cooperative associations "organized to promote thrift among their members and to create a source of credit for useful purposes."	Appoint a committee of students to visit a credit union and talk with the manager concerning the operation of this type of financial institution. The committee should then report back its findings to the class.	*Consumer economics*. Wilhelms, Heimerl, & Jelley. p. 86 & p. 141. *A teacher's guide to credit unions*. CUNA INTERNATIONAL. Madison, Wisconsin.	Credit unions are a good source for members to obtain credit at reasonable rates. Investing in credit union shares may provide a favorable return to members of the credit union.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS A NEGOTIABLE INSTRUMENT? (COMMERCIAL PAPER)			
A negotiable instrument is a promise or request in writing to pay a certain sum of money.	Discuss the importance of negotiable instruments (commercial paper) as a means of facilitating exchange of goods and services. Emphasize the convenience and safety of using checks instead of cash.	*Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 364-366. *Today's business law;* Uniform Commercial Code ed. Goodman, K,E, pp. 315-321; pp. 327-333; and pp. 345-350.	Checks and notes are used in place of cash for the safety and convenience of persons transacting business.
WHAT ARE SOME EXAMPLES OF FREQUENTLY USED NEGOTIABLE INSTRUMENTS?			
. Checks . Promissory notes	Obtain samples of checks and notes from your local banks. (Note: Be sure to write "SAMPLE" across the face so that they can't be used as negotiable instruments.) Prepare "sample" checkbooks on a duplicating machine and let each student practice keeping a checking account.	*Applied business mathematics*, Piper & Gruber. pp. 17-24.	A check need not be written on the standardized form supplied by the bank. But some banks make a charge for processing checks which are not written on the form they supply.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS A BANK STATEMENT?			
A bank statement is a record issued by a commercial bank to depositors showing deposits, charges against deposits, and the balance in a checking account.	Duplicate a copy of a bank statement for each student. Explain what each type of entry and symbol means.	*ABA film guide* - bibliography of 150 films pertaining to all aspects of banking. Banking Education Committee, American Bankers Association.	A depositor should reconcile his bank statement with his own checkbook each month - or as often as the bank issues statements. It is important to notify the bank immediately of any discrepancies.
WHAT HAPPENS IF YOU OVERDRAW YOUR CHECKING ACCOUNT?			
The law makes a distinction between an honest error and intent to defraud.	Stress the importance of reconciling the checkbook with the bank statements. Distinguish between an overdraft of a checking account resulting from carelessness or error and one made with the intention of defrauding another. Have students query parents or friends who have overdrawn checking accounts. What happened? Was there a bank charge?	*List of materials on money and banking for elementary and secondary schools.* American Bankers Association.	Banks frown upon overdrafts and frequently make a charge to customers who overdraw their accounts. Accuracy in keeping a checkbook is a "must" for the wise consumer.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS FORGERY?			
Forgery is fraudulently altering an instrument or disposing of a forged instrument. Notify the bank or the police immediately if you discover that your name has been forged to a check or note.	Have students clip newspaper accounts of forgery. Why is the number of forgeries increasing? (Increasing volume of Social Security and other governmental payments offers opportunity for mail theft and forgery.) What precautions can consumers take to reduce the opportunities for forgery?	Newspapers District Attorney U. S. Postal Inspector *The penal law*. McKinney's Consolidated Laws of New York. Book 39, Part 2, Section 1292a.	Overdrawing a checking account or drawing a check against a non-existent account with intent to defraud is a misdemeanor; forgery is a felony.
WHY DO WE ENDORSE A CHECK?			
Checks are endorsed to transfer title (ownership) from one person to another.	Discuss the meaning of the term title (ownership.) Elicit student participation in showing how negotiation by endorsement transfers the right to collect on a check or note.	*Using bank services*, American Bankers Association. *Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 368-370.	Negotiable instruments circulate like United States currency except that most checks and notes require endorsement to transfer ownership.
WHAT KINDS OF ENDORSEMENTS MAY BE USED?			
. Blank . Special (full) . Qualified . Restrictive	Discuss the dangers of blank endorsements. Discuss the special uses of special, qualified, and restrictive endorsements	*Consumer economic problems*, Wilson & Eyster. pp. 204-206.	The nature of the endorsement may limit or control the obligation of the endorser.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS AN ACCOMMODATION ENDORSEMENT?			
If the borrower's credit is not adequate, the lender may request that another person sign a note as an "accommodation endorser." The accommodation endorser then must pay if the borrower doesn't.	Discuss the risks involved in acting as an accommodation endorser. Prepare a wall chart headed "Which kind of endorsement should I use?" Illustrate the different kinds of endorsements and suggest appropriate uses for each. Students who have bought cars or made other substantial purchases may have had to have the signatures of parents or friends as accommodation endorsers. Ask them to discuss their experiences in these matters.	*Understanding business law*, Schneider, Whitcraft, & Rosenberg. pp. 372-378.	As a general rule, it is not advisable to sign as an accommodation endorser unless you are prepared to pay the obligation if necessary.
WHY DO PEOPLE SAVE MONEY?			
To provide for short-term and long-term needs Short-term needs: . Emergencies such as unemployment, sickness, accidents, death, etc.	Develop a list of short-term and long-term needs of students. Determine how much would have to be saved per week to achieve one or more of these goals.	*Consumer economic problems*, Wilson & Eyster. pp. 470-477.	Good financial planning should include a savings program based on realistic short-term and long-term needs.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Vacations . Furnishing a home . Wedding expenses . Purchasing a car, an appliance, etc. Long-term needs: . Purchasing a home - saving for the down payment . Children's education . Supplemental retirement fund . Investments - business, real estate, insurance, securities, etc.	Discuss the topic: "Establishing priorities from among alternative needs." Students should learn that it may be necessary to eliminate the least essential items and concentrate on saving for the most important needs. Have students rearrange their short-term and long-term needs in order of importance. Ask students to express their opinions regarding the desirability of refraining from day-to-day purchases in small amounts in order to save for larger purchases in the future.	*How to manage your money*. Marine Midland Banks. pp. 22-24. *Managing your money*. National Association of Secondary School Principals. p. 64. *The consumer and his dollars*. Schoenfeld & Natella. p. 253.	Most people must postpone spending for immediate consumption in order to have money to satisfy future needs. Establishing priorities of needs helps in gaining maximum satisfaction from limited financial resources. Saving for marriage provides the funds necessary for a young couple to get started on a sound financial basis. Social Security pensions provide only minimal funds for old-age retirement. Starting a savings program early in life to provide additional funds for retirement is good money management.
WHY IS IT NECESSARY TO PLAN FOR SYSTEMATIC SAVINGS? A systematic savings plan: . Helps develop the savings habit	Conduct a student poll using the following question: "If you had an income of a $100 a week, how much would you save?"	*General business*. Crabbe, DeBrun & Haines. p. 290. *A date with your future*. Institute of Life Insurance. pp. 14-16.	Planned saving of a given amount of money each pay day develops the savings habit and is most likely to produce satisfying results for the saver.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Overcomes the tendency to "put it off" . Provides satisfaction when a savings goal is achieved	A suggested method of recording responses might be in terms of the following categories: $1-$5; $5-$10; $10-$20; etc. Tabulate the results. Evaluate the distribution of responses in terms of realistic savings goals and individual needs.		
HOW DO SAVINGS ACQUIRE "GROW-POWER?"			
. Savings deposited in a savings institution earn interest. . If this interest is not withdrawn, it is added to the principal. . The principal grows larger as does the interest for each succeeding period. . This is the way *compound interest* works to give your savings "grow-power."	Demonstrate how compound interest works by taking a deposit of $1,000 at 5% and adding interest annually. Compare the compound interest earned for the fifth year with simple interest on $1,000. (Note: In the above example, the simple interest would be $50; compound interest for the fifth year would be approximately $60.75. The exact amount would depend on whether the bank figured interest on the principal in whole dollars, or on dollars and cents.)	*Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 77-78. *How to manage your money*. Marine Midland Banks. Family Finance Handbook. pp. 22-24. Compound interest tables may be found in business mathematics textbooks, books on finance, etc.	The wise consumer should take advantage of compound interest to increase the value of his savings. If possible, money should not be withdrawn from a savings account until the end of the interest period - generally at the end of each quarter. Systematic weekly deposits in a savings account will grow rapidly to sizable amounts.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Discuss the meaning of interest compounded quarterly, semiannually, and annually. Use a compound interest table to show which is most advantageous to the depositor - especially over a long period.		Some banks pay interest to the day of withdrawal; others pay interest only on the balance at the end of each quarter.
HOW DO WE DECIDE WHERE TO PUT SAVINGS?			
Generally, the following should be considered: . Safety of principal . Earnings . Liquidity . Purpose	Discuss the meaning of the four factors that should be considered in choosing a financial institution for investing savings. Why is safety put first? Earnings second? What is meant by liquidity? In what circumstances might liquidity be important? How does purpose affect the choice of a savings institution? Have students choose an institution in which to place funds for: . A Christmas club . A down payment on a home . College tuition . The purchase of a car	*General business*, Crabbe, Debrum, & Haines. pp. 291-291. *Consumer economics*, Wilhelms, Heimerl, & Jelley. pp. 81-82.	Safety of principal must always be the prime consideration in choosing a place to invest savings. It is preferable to accept a lower interest rate in a financial institution which provides deposit insurance than to consider only the higher rate offered by an uninsured institution.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT TYPES OF FINANCIAL INSTITUTIONS ACCEPT SAVINGS?			
Savings may be placed in: . Savings banks . Commercial banks . Savings and loan associations . Credit unions . Insurance companies . U.S. Government (bonds) . Common or preferred stocks and bonds of private corporations	Make a survey of local financial institutions to see how much interest is paid by each, what services each offers, and what the degree of risk is.	*Financial handbook*, Bogen, J.I. pp. 307-311.	Numerous financial institutions accept savings. It is up to the consumer to select one that most adequately meets his needs.
HOW MUCH MONEY SHOULD ONE SAVE?			
The exact amount an individual or family may save depends on such factors as: . Providing a reasonable emergency fund . Amount of discretionary income left over after paying minimal living expenses . Needs and desires . Family or individual financial plans . Will power	Ask students to discuss financial planning with their parents. Try to establish a reasonable estimate of how much various families set aside for savings, insurance, etc. in terms of percentage of take-home pay.	*A date with your future*. Institute of Life Insurance. pp. 14-15. *How to manage your money*. Marine Midland Banks' Family Finance Handbook. See chart showing the *Average American family spending habits*. p. 25.	A carefully developed individual or family financial plan helps to provide savings to achieve worthwhile goals and lessen anxiety during periods of emergency. Regular saving helps develop the thrift habit.

INVESTMENTS

Introduction

Webster's Third New International Dictionary defines *investment* as follows: "(1) An expenditure of money for income or profit or to purchase something of intrinsic value (2) The commitment of funds with a view to minimizing risk and safeguarding capital while earning a return - contrasted with speculation." While it is true that the purchase of an automobile, clothing, furniture, or other tangible items is a investment of funds, the concern here is rather with the concept of using money to gain a return.

Money may be "stored" in a variety of ways. Sometimes it is kept in containers in secret places about the house; sometimes it is placed in checking accounts, but neither of these ways yields a return. Savings accounts, U.S. Savings Bonds, some forms of life insurance, trust funds, pension funds, and investments in stocks, bonds, real estate, or business enterprises are common ways in which people put their money to work in the hope that it will yield a return on the principal. Each type of investment has attractive and unattractive features. Some pay a low return but have relatively low risk. Some investments such as real estate are not always easily converted into cash in case of need. Since banking, savings, and home buying are considered in other units, this unit will concern itself primarily with investments in stocks and bonds. More than 22.5 million Americans are investors in the stock market and the number grows rapidly. (There were 17 million in 1962.)

The purpose of this unit is to give students an understanding of the elementary principles of investment which are applicable to individuals - as opposed to institutional investors. Because of the limited resources of many individuals, investments generally should be limited to the highest grade of securities such as United States government securities (especially Series "E" or "H" bonds), U.S. Freedom Bonds, or investments in interest-bearing savings accounts or life insurance.

However, some individuals may have surplus funds which they wish to invest directly in a business, in real estate, or in government or corporate securities. For these individuals a basic understanding of the nature of investments is important.

Outcomes - Help students to achieve a working knowledge of the following principles:

- Most individual investors should be primarily concerned with the safety of their principal.
- Income and/or capital gains (profits) may be obtained from investing in high-quality securities which are purchased at reasonable prices.
- Speculating in stocks of questionable financial quality in hopes of quick profits is poor practice for the small investor.
- Reputable brokerage firms do not use high-pressure sales techniques. The small investor should avoid high-pressure security salesmen.

- The Securities and Exchange Commission supervises the sales practices of brokers, salesmen, and underwriters. It uses its regulatory powers to prevent manipulation of security prices. However, it does not guarantee that a security has financial merit. It merely requires full disclosure of financial data.

- The New York Penal Law provides penalties for certain practices which may harm the investor. A brief resumé of some of the major provisions of this law is part of this unit. If an investor suspects that a firm or salesman is using illegal methods in selling securities, he should contact the Office of the Attorney General and give the facts.

- Organized stock exchanges impose regulations on the firms whose stock is listed on the exchange. Some of these regulations may provide protection for the investor against certain undesirable practices.

- Reasonable diversification of investments is good policy for small as well as large investors in order to spread the risk of loss.

- The small investor should set reasonable investment objectives. Then he should invest systematically to achieve these goals.

Regulation of the Securities Business

The rapid expansion of corporate enterprises during the latter part of the nineteenth century was accompanied by extensive sales of stocks and bonds. As might be anticipated, fraudulent sales practices were not uncommon. "Get-rich-quick" schemes attracted the "suckers" who frequently wound up "broke."

Even today, fraudulent sales of securities occur all too frequently despite the stringent control of security sales imposed by both governmental and private agencies. The slogan, "Let the buyer beware" still is appropriate. But wise investors can protect themselves by doing business only with reputable, well-established brokers who have a reputation for honest dealing. In addition, the investor is protected to some degree by the self-regulatory activities of the organized security exchanges, the National Association of Securities Dealers, and federal and state agencies.

Federal Regulation

The Securities and Exchange Commission (S.E.C.) is charged by Congress with the regulation of the sale of securities. Of primary importance is the requirement that there be full disclosure of pertinent facts concerning the financial condition of a corporation that wishes to sell new issues of stock to the general public. Information regarding new issues is collected by the S.E.C. and is available in the form of a prospectus. Unfortunately, many investors don't

bother to obtain a copy of a company's prospectus despite the fact that brokers generally distribute this literature without charge.

Many people mistakenly believe that the S.E.C. judges the quality of a security. The wise investor should know that the S.E.C. does not judge security values. It merely gathers financial information regarding a company and makes this information available to the public. The investor must then decide whether the security is worth buying.

New York State Regulation

In addition to federal regulations, new security issues and certain practices of securities dealers are regulated by the State of New York. The New York Penal Law contains numerous provisions for protecting the general public against undesirable practices in the sale of securities. A resumé of some of these laws is given below:

Circulating False Rumors
A person who circulates false rumors with intent to affect the market price of a government or corporate security or gold or silver coins or other commodity may be punished by a fine of not more than five thousand dollars, or by imprisonment for not more than three years, or both.

False Advertising of a Security
A person who advertises false information with intent to deceive regarding the value of stocks or bonds or of the financial condition of a business is guilty of a felony.

Manipulation of Security Prices
A person who manipulates or attempts to manipulate the price of a stock or bond through fictitious transactions or devices is guilty of a felony.

Confirmation of Purchase or Sale of Securities
A broker or dealer in securities must furnish his customers with a confirmation of the transaction showing a description of the security, the day and hours during which the transaction took place and other pertinent information. Failure to deliver this memorandum within twenty-four hours after a written request is made or issuing a false memorandum is a misdemeanor.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE THE MAJOR CONSIDERATIONS FOR SMALL INVESTMENTS? . safety . reasonable price . promise of reasonable return	In introducing the unit on investments it is recommended that a film about the stock market be shown to familiarize students with the operation of an organized stock exchange and to introduce some of the basic concepts of investments. (See *Mr. Webster takes stock;* Sterling Movies, U.S.A.) Review the desirability of accumulating adequate cash reserves and life insurance before investing. Discuss the factors of safety provided by Federal deposit insurance on savings bank and savings and loan association accounts.	*Security analysis: principles and techniques.* Graham, Benjamin, et al. pp. 47-52. *The intelligent investor;* Graham, Benjamin. Chapter 16. *Investments: principles, practices and analysis.* Bellemore, D.H. pp. 1-16.	An individual should first provide cash reserves and insurance before starting an investment program. Then excess funds, however small, may be invested in high-quality properties and securities. The wise investor should be primarily concerned with preserving his principal. If the price is too high, even the best properties or securities may not be a good investment - especially in the short run.
WHAT IS THE DIFFERENCE BETWEEN INVESTING, SPECULATION, AND GAMBLING? Investing implies: . getting the facts . knowing the risks . avoiding highly hazardous ventures	Have students "clip" newspaper and magazine advertisementsand articles pertaining to investments. Use for class discussion	*How to buy stocks.* Engel, Louis. pp. 1-3.	Good investments purchased at a reasonable price may provide safety of principal as well as protection against inflation.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Speculation - . involves more risk . aim is to get larger return at expense of greater hazard Gambling - . involves greatest risk . usually no real study of financial quality is involved	and for bulletin board displays. Have pupils interview their parents or adult friends regarding their experiences with investing, speculating, and gambling. Ask the class to generalize from these experiences.	*Consumer economics*. Wilhelms, Heimerl, & Jelley. pp. 92-105.	All investing assumes risk: however, the degree of risk may be controlled by prudent study of the investment potential.
WHAT ARE SOME OF THE MOST IMPORTANT REASONS FOR INVESTING?			
Some of the purposes of investing are: . to obtain income . to make profits (capital gains) . to provide a hedge against inflation	Discuss inflation. Ask students to cite examples of goods that have markedly increased in price. Elicit explanations of how investments which increase in value may offset the decreased purchasing power of the dollar which results from price increases.	*Understanding the New York Stock Exchange*. Copies of this pamphlet as well as a *Portfolio of teaching aids* are available on request from the New York Stock Exchange. Most Stock Exchange houses publish investors guides (Ex. *The selected list* - Bache & Co., *The big board*. Merrill Lynch, Pierce, Fenner, and Smith Inc., etc.)	The wise investor will insist on getting all available facts and competent advice before putting his money into any form of investment. It is desirable to reevaluate an investment periodically to see if any changes are taking place that may affect the quality of the investment.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE SOME OF THE DIFFERENT TYPES OF INVESTMENTS? Investments may take many forms: . Interest-bearing deposits in a savings bank, a savings and loan association, or a commercial bank . Credit union shares . Real estate (rentals or mortgages) . U.S. Treasury and Savings Bonds (Series "E" and "H"), or Freedom bonds . Business (single proprietorship, partnership, corporation, or "co-op.")	Show film: *How to invest and why;* Sterling Movies, U.S.A. Write to the American Stock Exchange to be put on the mailing list to receive its publications. Request a sample copy of the *American Investor*. As a learning exercise, suggest to the students that the class as a group purchase a single share of a good quality stock. Discuss the contractual nature of the "confirmation" which the broker sends out. Sell the stock before the semester ends. Don't expect to make a profit.	*Applied economics*. Dodd, Kennedy, & Olsen. pp. 483-494. *General business*. Crabbe, DeBrum, & Haines. pp. 306-315. *Consumer economic problems*. Wilson & Eyster. pp. 475-480 and Chapter 25.	Investments may take many forms. However, the general principles of investing are applicable to all forms. Safety of principal (including purchasing at a reasonable price) must always be the prime objective of the investor. Rules for investing: . Remember the risks as well as the rewards. . Always get the facts about the company. . Get good advice from a reputable broker. . Be sure you have provided for family emergencies. . Tailor investments to your personal goals.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Municipal bonds (includes state bonds) - called tax-free municipals . Life insurance . Investment trusts; closed-end or open-end (mutual funds)	Distinguish between a bond and a stock. Point out that an investment in a high-quality common stock may be less risky than purchasing a bond in a corporation that is financially weak.	*How to buy stocks*. Engel, Louis. Chapters 2, 4, 5, and 7. *Practical and legal manual for the investor*. Kaufman, S.L. The Legal Almanac Series No. 42.	A bond is issued to creditors who lend money to an enterprise. Bondholders receive interest at a fixed rate based on the face value of the bond. A stock represents a stockholder's interest in a business enterprise. A stockholder is entitled to a dividend if the board of directors declares one. If a company discontinues doing business and there is any money realized from the sale of assets, creditors, including bondholders, are paid off first. If there are any resources left, the stockholders are paid in full or in part, depending on the assets available. Bond interest generally is payable semiannually. Dividents frequently are paid quarterly.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
			Dividends are paid out of the profits earned by a business. The amount of the dividend may vary depending on the profits.
WHAT TYPES OF U.S. BONDS ARE PARTICULARLY WELL SUITED FOR THE SMALL INVESTOR? . Series "E" savings bonds . Series "H" savings bonds . Freedom bonds	Find out how many students have a savings account or series "E" or "H" bonds. Compare the rate of return on each. Consult your local newspapers for current interest rates on savings accounts.	Bookets about Series "E," "H," or Freedom bonds are available from your local post office or from banks.	United States bonds are considered the safest type of investment. However, before investing, it is desirable to compare the interest rate on these bonds with the rate offered by local banks and savings and loan associations. (Check to see if the bank or savings and loan association carries Federal deposit insurance.)
WHAT ARE THE TWO MAIN TYPES OF CORPORATE STOCK? The two main types of stock are: . Preferred . Common	Differentiate between preferred stock and common stock. If the class seems interested, this question can be considered more fully by including a discussion of the various types of preferred and common stocks.		Preferred and common stocks differ in the degree of risk and in voting rights.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS MEANT BY THE YIELD OF AN INVESTMENT? HOW DO YOU FIGURE THE YIELD ON A BOND? ON A STOCK?			
The annual yield on an investment is calculated by dividing the annual income by the amount invested. NOTE: Bonds are quoted as a percent of face value. Therefore if a bond is quoted at 98¼, the market price equals .9825 x $1000 = $982.25 (98¼% of $1000.) Interest income on a bond is based on the face value of the bond. A 5% $1000 bond would earn $1000 x .05 = $50. If this bond was purchased at 98¼ the yield would be: $\frac{\$50}{\$982.50} = 5.08\%$ Stocks are quoted in dollars and fractions of a dollar. A stock purchased at 98¼ has a marmet value of $98.25. If the annual dividend is $6.00, the yield would be:	Compare the meaning of the term yield as used in investments to yield per acre in farming. Elicit student participation in making a comparison of yields on savings accounts with current yields on corporate stocks and bonds. Point out that if a security is sold at a higher price than the price at which it was purchased, the yield is thereby increased and vice versa. Have each student select a particular stock and chart the price movement of this stock for a period of time. (Use 10 x 10 graph paper.) Have students learn to read the stock and bond tables and use the market prices of stocks and bonds to calculate the current yield. (Some stocks show only dividends	*Consumer economics*. Wilhelms, Heimerl, & Jelley. pp. 96-97. The stock tables published in the daily newspapers. *The New York Times*, *Wall Street Journal*, and other newspapers (particularly useful for finding the price range for the year.) *Selecting stocks to buy for profit*. Roth & McKenzie. pp. 99-107. (An excellent glossary of frequently used financial terms.)	To be successful, an investor must not only use good judgment when he invests his money, but he also should keep up with current financial happenings. Reading the financial pages is a desirable habit for the investor to develop. The annual rate of return on an investment is called the yield. The yield is usually expressed as a percent so that meaningful comparisons may be made. Price fluctuation is a characteristic of stocks and bonds. A stock with a wide price range is known as a volatile stock. The shrewd investor tries to purchase stock at a price close to the low of its price range. He should hesitate to buy when the price of the stock is high in relation

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
$\frac{\$6.00}{\$98.25}$ = 6.1%	to date. These cannot be used in calculating the yield per annum.)		to its present or projected earnings. Inexperienced investors frequently buy securities during a boom period at top prices. Astute investors look for bargains in high quality securities after a boom when prices have declined.
WHAT IS A STOCK EXCHANGE? A stock exchange is an auction market where representatives of buyers and sellers of listed stocks negotiate sales of securities. (These representatives are called brokers.)	Arrange a field trip to one of the organized stock exchanges.	*You and the investment world.* Available free by writing to: Manager, School and College Relations, New York Stock Exchange.	
WHERE CAN YOU OBTAIN INFORMATION ABOUT SECURITIES? Many sources are available. Some which may prove valuable are: . *Moody's Manual* . *Standard and Poor's* publications	Ask a representative of a stock exchange firm to visit the class and discuss investments in stocks and bonds.	*Practical and Legal manual for the investor.* Kaufman, Stanley L. The Legal Almanac Series.	The inexperienced investor should obtain financial advice from professional advisers such as banks, investment counselors, and reliable brokers. He should not rely on his

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Published financial reports of large corporations . Banks . Lawyers and accountants . Stock brokerage firms . *Forbes Magazine* . *The Financial World* . *Barron's Weekly* . Investment advisors	Have a committee of students visit a library and report back to the class what materials regarding securities they were able to find. Interested students should be encouraged to read publications about investments and report to the class.	*You and your investment world*. ibid, Chapter 6.	own resources to forecast the trend of the stock market or of the economy. However, for those individuals who are willing to devote time to studying the stock market, the rewards may be substantial.
WHAT IS MEANT BY DIVERSIFICATION? Experienced investors purchase securities in several companies. Risk of total loss is reduced if one company has economic reverses.	Discuss industries which have experienced economic reverses, e.g., wagon builders, some automobile manufacturers, ice box manufacturers, etc. Write to the New York Stock Exchange for copies of the test on *The world of investing*. Let the members of the class take this test to see how much they have learned.	*Invest in growth*. Warner & O'Keefe. Investors Information Service. *Forbes Magazine*. Published by Forbes, Inc. *How to manage your money*. Kirk, John. Available from Marine Midland Banks at a nominal price. (See particularly Chapter 6.)	"Don't put all your eggs in one basket." Don't "over-diversify." Select a few "top-notch" companies and stick with them as long as they perform satisfactorily. Start investing early in life - even if the amount invested is small. Then increase your holdings through systematic, periodic purchases.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
		The language of investing - a glossary. Available from the New York Stock Exchange. A comprehensive list of stock market terms.	Set savings and investment goals at realistic levels.
HOW CAN YOU PROTECT YOURSELF AGAINST PROMOTERS?			
Ten-point guide: . Beware of tips and rumors. . Beware of so-called "inside information." . Watch out for the promoter in a hurry. . Beware of plugs for a specific stock. . Consider your resources before investing. . Deal only with reliable firms. . Fight the temptation to make a quick killing. . Beware of high-pressure telephone promoters. . Beware of vague answers to questions. . Remember the cautious investor is the best fraud deterrent.	Invite a representative of the Bureau of Consumer Frauds and Protection to describe how unscrupulous promoters operate stock promotion schemes.	*10 Point guide for the careful investor*. New York State Department of Law. Bureau of Consumer Frauds and Protection. District Attorney. Better Business Bureau.	If a salesman whom you don't know telephones to sell you stock, hang up. Reliable stock exchange firms do not solicit business by telephone. Investigate before investing. Use reliable sources of information. Don't buy on the basis of "hot tips."

LIFE AND HEALTH INSURANCE

Introduction

Insurance deals with property or people. This unit deals with insurance on people. The three most important kinds of insurance on people are: Life, Accident, and Health.

Life insurance is purchased to protect people against loss of income occasioned by many hazards of living as well as to provide financial aid to dependents after death. For most families the primary purpose of life insurance should be to provide income to the family if the principal wage-earner dies. Although people who have had little experience with life insurance sometimes think of it as nothing more than a small fund to pay funeral expenses, actually life insurance companies pay out more dollars to the original insured persons than to their beneficiaries.

Life insurance provides protection against the hazard of loss of income due to death, the hazard of living too long without income, as well as the hazard of becoming financially dependent due to disability.

Health insurance is obtainable to pay medical and surgical costs, including even the major and sometimes catastrophic costs incurred to regain one's health, as well as to replace income lost through sickness or accidents.

Some Insurance Facts To Think About

In 1965, of American families that included husband, wife and children under 18, the head of the family was insured in 90 percent of the cases. However, only 54 percent of the families insured had coverage of $10,000 or more. This was an improvement over 1960, when only 42 percent had insurance of $10,000 or more. These figures indicate that 46 percent of the families insured had less than $10,000 coverage, not enough to sustain a family for long. And 10 percent of all families apparently had no insurance.

Taken as a whole, these figures suggest that many families should carefully reconsider the question of how much insurance to carry and what type of insurance coverage to purchase to meet their needs for security.

Outcomes - Help students to understand:

- That life insurance is a risk-sharing plan to provide protection against loss of income through death or against many of the hazards of living
- That there are many forms of life insurance, each serving a distinct purpose
- The major provisions of life insurance policies
- The methods used to estimate reasonable amounts of insurance which a family should carry - especially on the family breadwinners

. The desirability of purchasing adequate insurance coverage and maintaining payments to avoid having the policy lapse. (Buying more insurance than one can afford is as bad as not having sufficient coverage.)

. That life insurance is a means of saving (probably the most common form of voluntary thrift) and is a source of low-cost loans

. That one should deal with insurance agents on a business-like basis. The student should learn that it is his responsibility to analyze his needs for insurance and not to buy unnecessary or undesirable insurance which he doesn't need or can't afford.

. That the insurance industry has facilitated the financial growth required by a dynamic economy and has supported economic stability

The cost of obtaining life insurance through various sources

. The need periodically to re-evaluate insurance programs and make necessary changes to meet current needs

. The kinds of health insurance obtainable

. The fact that fraudulent claims increase the cost of life or health insurance for other policy holders

. That the New York State Insurance Department renders consumer services relating to life insurance

. That through insurance, fears and anxieties are minimized, and people are able more fully to realize their potential for living

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS LIFE INSURANCE?			
. A form of risk-sharing . Many contribute to common fund . Pooled contributions of policyholders provide protection for those who suffer loss through death, disability, or old age	Show film: *Life insurance - what it means and how it works*. Available from: Modern Talking Picture Service. Discuss: "How can insurance provide security upon the death or disability of the family breadwinner?" Elicit student participation in a discussion of the psychological advantages of having adequate life insurance. Illustrate the principle of risk-sharing with a sample illustration. If, for example, each member of a class of 30 students were to pay a 10 cent "premium" into a common fund, it would be possible to provide protection against loss to this group up to a maximum of $3 for one claim.	*The search for economic security*. Institute of Life Insurance. pp. 48-56. *Sharing the risk - an approach to family economic security*. Institute of Life Insurance. Chapter I. *Understanding life insurance for the family*. Division of Home Economics, Federal Extension Service, U.S. Department of Agriculture. 1964. Government Printing Office; 1965 0-776-775. (An excellent 12-page pamphlet. Each member of the class would profit from having a copy.) *The consumer and his dollars*. Schoenfeld & Natella. pp. 225-226. *You and your family's life insurance*. Institute of Life Insurance. pp. 5-10.	Life insurance helps protect the family of an insured person in case of death or disability. Maximum insurance on the family breadwinners is required when children are young. A well-designed insurance program should provide against loss of income during this period. Life insurance provides important psychological benefits to the insured and his family in that it relieves them of the anxiety of being without funds if the insured dies or is unable to work. Life insurance may be purchased to provide supplemental income to the aged.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	After students have studied the unit on Consumer Law, have them analyze an insurance policy to establish the essential elements of the contract. (Note: In New York State, insurance contracts must be in writing. Also a minor, age 15 or older, can make a binding contract for life insurance.)	*Economics for consumers*. Gordon & Lee. pp. 462-480. *A catalogue of teaching aids*. Institute of Life Insurance.	Life insurance is a unilateral contract; the owner is not bound but the company is.
WHAT IS A LIFE INSURANCE POLICY? An insurance policy is a contract between the insurance company (called the insurer) and the owner of the policy, usually the person insured.	If members of the class have insurance, ask them to bring copies of the policies to class. Note the contractual provisions of each policy. What does the company promise to do in return for premium payments?	*The complete guide to everyday business law*. Kling, S.G. *Business law*. Goetz, George. pp. 239-244. *Handbook of life insurance*. Institute of Life Insurance. pp. 7-8. Also see Chapter II. *Blueprint for tomorrow*. Institute of Life Insurance. Lesson five.	An insurance contract remains in force, with guaranteed rights, as long as premiums are paid, provided there were no material misrepresentations made when the insurance policy was taken out.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT INFORMATION MUST A PERSON FURNISH ON AN APPLICATION FOR LIFE INSURANCE?			
Age, occupation, health, and beneficiary (person to whom the policy proceeds are paid) are among requirements.	Obtain sample copies of life insurance application forms to familiarize students with the information required. Discuss the importance of giving accurate information on an insurance application form.	*General business*, Crabbe, DeBrum & Haines. pp. 237-238. For a sample application form, see *Blueprint for tomorrow*. Institute for Life Insurance.	If a person makes a material misrepresentation of fact on an application for insurance, his policy may become void. A misstatement of age by the insured to reduce his premiums decreases his insurance to an amount which is based on his correct age. In filling out an insurance application, it is important to give accurate answers to all questions asked.
WHAT IS THE MEANING OF THE FOLLOWING FREQUENTLY USED INSURANCE TERMS?			
Insurer Insured Beneficiary Face Premium Cash surrender value/loan value Accidental death benefits	Prepare a bulletin board using a life insurance policy. Label the important terms to remember, such as face, premium amount, type of policy, accidental death benefit, premium waiver, etc.	*Using sense with your dollars*. Norfolk City Schools. p. 20. *The substantive law of New York*. Sainer, A.L. p. 269-270; p. 273.	If you understand the terms used in life insurance, you are more likely to purchase the kind of protection you want and need.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
Premium waiver Total disability Grace period Participating and non-participating policies Paid up insurance Mutual and stock companies Lapse for non-payment	Have students fill out a crossword puzzle of frequently used insurance terms.	*Consumer economics; 3rd ed.* Wilhelms, Heimerl, & Jelley. (Also see *Consumer problems and projects* on pp. 270-273.)	
WHAT ARE THE MAJOR TYPES OF LIFE INSURANCE?			
There are more than 100 different types of life insurance policies available but they can all be classified under the following headings: Ordinary life (straight life, whole life) Limited payment life Endowment Term Combination	Prepare a chart showing the major features of the various forms of life insurance and premium rates for each.	*How to buy life insurance.* Parts I, II, and III. Consumer Reports. January, February, and March 1967. *Inflation and the lure of term insurance.* Provident Mutual Life Insurance Company. *Policies for protection.* Institute for Life Insurance	Various forms of life insurance may be purchased to meet the specific needs of each individual. Term insurance provides life insurance but no savings feature. It provides the most insurance at the least cost temporarily. Ordinary life, limited payment life, and endowment insurance provide insurance protection plus systematic savings.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHEN CAN YOU INSURE THE LIFE OF ANOTHER PERSON?			
In general, only when there is an insurable interest and with the consent of the insured. Examples of insurable interest: . Persons related by blood or marriage (a wife does not need her husband's consent to insure his life) . A creditor on the life of one who owes money to him . A corporation on the life of a valued employee	Ask students to explain why the insurance law requires that an insurable interest must exist at the time insurance is taken out on the life of another. Ask students to consider these questions: (1) "Would a girl have an insurable interest in the life of a boy to whom she is engaged to be married?" (2) "Must a father have the consent of his child to insure his child's life?" (Ans. (1) Yes (2) No.) Invite a representative of a life insurance company or a bank which sells life insurance to visit the class and discuss various phases of life insurance.	*The complete guide to everyday law.* Kling, S.G. pp. 140-141. *The substantive law of New York.* Sainer, A.L. p. 266. *General business.* Crabbe, Debrum, & Haines. pp. 236-237. *A date with your future.* Institute of Life Insurance.	If a person who does not have an insurable interest in the life of another takes out a policy on that person's life, the contract (policy) is void. The law requires that an insurable interest exist to minimize wagering or other criminal activity which might be associated with the purchase of insurance.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
HOW DO YOU DECIDE WHAT FORM OF INSURANCE TO BUY? . Decide how much you can afford to spend . Cover the greatest and most important risks first . Remember that insurance obtained through a group plan or organization has cheaper rates. . Get advice from qualified insurance advisers	Discuss the following case: A young married couple with two children has just purchased a home in the suburbs paying $2,000 down and taking out a mortgage of $14,000. The husband who earns a modest salary, is the sole provider. What kind of life insurance should this family buy? Compare a straight-life policy with an endowment policy from the viewpoint of a young man, age 20, who is contemplating marriage. Select five students and let each give an oral report describing one of the five different types of insurance and indicating under what circumstances such insurance would be appropriate.	*ABC's of life insurance.* A Scriptographic booklet. For information write to Channing L. Bete Company. *Your life insurance and how it works.* Institute of Life Insurance. Chapter 2 and 3. *Buying life insurance - a guide for members of the armed forces.* Institute of Life Insurance. *Misunderstood facts about life insurance.* Better Homes and Gardens, May 1967.	A life underwriter, or other thoroughly competent insurance counselor, can help in planning adequate insurance coverage to meet specific needs. It is desirable to review periodically your insurance program and make changes necessary to meet current needs.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
FROM WHAT SOURCES MAY LIFE INSURANCE BE PURCHASED IN THE UNITED STATES? Life insurance is available through: Mutual companies Stock companies Savings banks U.S. Government: . U.S. Government Life Insurance (W.W.I. Veterans.) . National Service Life Insurance (W.W.II Veterans.) . Servicemen's Group Life Insurance. (For those on active duty in the armed services. Available through 47 regular life insurance companies under the supervision of the Veterans Administration.) Examples of private insurers: . Fraternal benefit societies . Amalgamated Clothing Workers of America . Teachers Insurance and Annuity (college teachers) . Sears-Roebuck and J.C. Penney Stores (others)	Have students explain how a mutual insurance company differs from a stock company. Ask them to check the names of insurance companies in the Yellow Pages and find out which are mutual and which are stock companies. Ask students to obtain premium rates from local insurance firms and savings banks which sell insurance. Have them compare rates and services rendered by each.	*Life insurance fact book 1966.* Institute of Life Insurance. *Consumer economics,* Wilhelms, Heimerl, & Jelley. *Time...and a place to grow;* (film) Modern Talking Picture Service.	Life insurance is sometimes offered to New York residents by out-of-state, unlicensed insurance companies. The New York State Insurance Department offers no protection to citizens of New York State who purchase insurance from an unlicensed company. Mutual and stock insurance companies sell insurance through licensed agents. (salesmen) Some agents have passed rigid examinations and have had at least 3 years experience in insurance. They are called Chartered Life Underwriters. An honest, competent insurance agent with years of experience in the insurance business can provide purchasers of insurance with valuable guidance in starting and maintaining a desirable program.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS SAVINGS BANK LIFE INSURANCE? . Insurance sold by savings banks . No salesmen are employed . Purchaser must apply to bank in person or by mail for policy and rate information . Those seeking insurance must live or work in New York State . Maximum insurance per individual is $30,000	Write or telephone a local savings bank which sells life insurance and request literature about the various forms of savings bank life insurance. Discuss: "What services does an insurance salesman provide which savings banks which sell life insurance may not offer?" Compare the cost of a $10,000 ordinary-life policy at age 25 if purchased from a savings bank, a mutual company, or a stock company. What factors make the difference in the cost?	*A buyer's guide to low-cost savings bank life insurance*. Available from the Schenectady Savings Bank, Schenectady, New York and other savings banks throughout New York State which sell life insurance. *You and your life insurance agent*. A Scriptographic booklet by the Channing L. Bete Co. *Who is the man who sells life insurance?* Institute of Life Insurance. *Savings bank insurance premium rates*. Available from Savings Banks Life Insurance Fund - 200 Park Avenue, New York City.	Savings bank life insurance provides low-cost insurance in limited amounts to people who live or work in New York State. One reason why savings bank premium rates are low is that no salesmen are used to sell savings bank life insurance. Counseling service is available at savings banks to assist prospective purchasers make sound decisions.
WHAT IS GROUP LIFE INSURANCE? . A contract between an employer and an insurance company.	Discuss: "What are the advantages of group life insurance to the employee? To the employer?"	*Group life insurance for employees*. Institute of Life Insurance.	Group life insurance provides low-cost protection to millions of employees in the United States.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Provides specified benefits for the employer or association members . May or may not be convertible to an individual policy if the employee or association member leaves his employment or the association sponsoring the insurance . Is generally term insurance . Most premiums are paid in part or in full by the employer . Purpose is to provide low cost insurance for period of employment or membership	Obtain literature from the Life Insurance Institute and savings banks relative to group insurance. Have the students participate in a discussion of contributory and non-contributory plans, alternatives available under a group insurance plan at retirement, the necessity for up-dating coverage, etc. Discuss this question: "Why should I buy additional insurance if I already have group coverage?"	*Savings bank group life insurance*. Schenectady Savings Bank, Schenectady, New York or any savings bank which sells life insurance. *Consumer economic problems*. Wilson,& Eyster. pp. 532-533.	Premiums on group plans are paid for by the employer or through payroll deduction. In either case there is little likelihood that the policy will lapse while a person is employed. Coverage under a group plan usually ends when employment is terminated or in many instances at retirement. An employee may sometimes convert his group insurance without a medical examination to regular insurance if he leaves or is dismissed from his job. Some group plans now provide for continuation of coverage after retirement. If a group policy is converted, it will be at a substantially higher rate.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
HOW CAN YOU PLAN AN INSURANCE PROGRAM? . Seek advice from a competent and reliable insurance adviser. . Determine insurance required to provide family sufficient protection if the breadwinner dies. . Consider what portion of this need (family protection) is met by Social Security and by group insurance, if any. . Decide what other needs must be met by insurance (funeral expenses, savings, retirement annuities, etc.). . Decide what types of insurance best meet your needs. . Plan on an insurance program and stick to it except for periodic reviews of changing needs and changing conditions. . Don't buy more insurance than you can afford. . Don't drop one policy for another.	After the teacher has familiarized himself with various methods of determining a family's insurance needs, it is desirable to work some problems with the students using hypothetical figures (See "Sources of Information" opposite for suggestions.) Obtain rates for various types of life insurance coverage for a young man at age 25. Assume that he needs a minimum of $25,000 insurance protection for his family if he should die. Which policy would give him this protection at the least cost? What other factors should be considered before making a final decision?	*Who needs insurance and how much?* Consumer Reports, January 1967. pp. 16-25. *Handbook of life insurance.* Institute of Life Insurance. *How much life insurance is enough?* Institute of Life Insurance. *How to manage your money.* Available from Marine Midland Bank. pp. 20-22. *The interest return on cash value life insurance - high or low?* Linton, M.A.	Thorough study and trained advice are required to determine how much insurance coverage is enough. To get the most for his money, the consumer should learn as much as he can about insurance and then do comparative shopping. A prospective purchaser of insurance should consider whether he has the resources to continue premium payments. Changing needs and conditions call for periodic reviews of insurance coverage.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS ACCIDENT AND HEALTH INSURANCE? Accident and health insurance provides coverage for one or more of the following needs: Hospital expense Surgical expense General medical expense Major medical expense Loss-of-income insurance	Obtain sample accident and health insurance policies and discuss the various types of coverage provided. Clip newspaper and magazine advertisements and write for literature mentioned in the advertisements. Compare the types of services offered. Show film: *Dialogue with life.* Available from Modern Talking Picture Service.	*A list of current health insurance books.* Available to teachers and librarians from the Institute of Life Insurance. *What everyone should know about health insurance.* A Scriptographic booklet. Available from Channing L. Bete Co. *The new ABC's of health insurance.* Health Insurance Institute. *Our family's health insurance - do we know the answers?* Health Insurance Institute.	Health insurance is available on an individual plan, a family plan, or a group plan. Dependents of the insured frequently can be covered under the same policy as their parents or guardians. Medicare provides health insurance coverage for the aged. (For further information, see the Social Insurance section of this publication.) Medicaid provides health insurance coverage to certain individuals in New York State who qualify. (See Security Programs section of this publication for further information.)

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
CAN YOU COLLECT ACCIDENT AND HEALTH INSURANCE FROM TWO OR MORE COMPANIES? . Some companies pay in full even though duplicate coverage exists. . Others do not pay or pay only for the expense not covered. . It is wise to study each policy provision to insure full protection for premiums paid.	Discuss the risks of buying insurance from an out-of-state insurance company not licensed or regulated by the New York State Insurance Department.	*Sharing the risk - an approach to family economic security*. Institute of Life Insurance. Chapters V and VI.	Before purchasing duplicate coverage for accident and health insurance, check to see if claims will be paid in full by all insurers.
HOW DOES THE NEW YORK STATE INSURANCE DEPARTMENT PROTECT PURCHASERS OF INSURANCE? . It regulates the insurance industry of New York. . All insurance agents and companies in the insurance business in New York must be licensed. . Life insurance policies sold in New York must be approved. . Expenses are limited by law. . Customers must be given reasonable service when legitimate claims are made.	Write to the New York State Insurance Department at Albany, New York or 123 Williams Street, New York City, for literature concerning the activities of the Department. Ask the State Insurance Department to have a representative visit the class and discuss the activities of the Department.	The New York State Insurance Department, 324 State Street, Albany, New York or 123 Williams Street, New York, New York.	The New York State Insurance Department maintains a staff of attorneys who are experts in various phases of insurance. It is their job to see to it that the insurance companies which sell insurance in New York State are financially sound and that the insurance companies render satisfactory service.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
If a company is licensed to sell insurance in New York State, it must provide the same service at the same rates wherever it sells insurance.			If an insured person feels that an insurance company is not handling his claims properly, or has a question about an insurance company, he should contact the New York State Insurance Department.

SECURITY PROGRAMS
Social Security, Medicare, and Medicaid

Introduction

Twelfth-grade high school students have an immediate need to become acquainted with the different types of social insurance programs. Many of these youngsters already have jobs or are interested in obtaining employment as soon as they leave high school. The astute teacher will capitalize on the occupational interests of his students and help them to discover the benefits of Social Security programs for their families and themselves.

Some students may not fully understand why certain deductions are made from their weekly pay. Thus, the teacher has an excellent opportunity to present typical payroll information forms. Through class discussion and illustration students may obtain a rather comprehensive idea of how the combined contributions of employees and employers provide assistance in the problems of old-age, including disability, sickness, and death.

However, it is important that students realize that government-sponsored Social Security programs provide only minimal coverage. If possible, provision for additional coverage should be made through privately purchased life insurance, savings, and investment plans. For most wage earners, these programs should be started at an early age and be continued as the need arises.

Outcomes - Help each student to understand that:

. Many forms of government-sponsored social insurance programs exist to help with the problems of unemployment, sickness, old-age, death, disability (on-the-job or off-the-job), blindness, etc.

. Government-sponsored programs provide a minimal protection. Many individuals supplement these programs with additional insurance, savings, and investments.

. It is important that individuals become familiar with the numerous forms of social insurance so that they may take advantage of the benefits provided by such programs in times of need.

. The larger the benefits of social insurance, the higher the cost will be. The government doesn't give us anything. What we get we pay for through taxes, payroll contributions, or higher prices.

. If fraudulent claims are made for unemployment insurance benefits or for other forms of social insurance, we all have to share the bill.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHY IS A KNOWLEDGE OF HOW SOCIAL SECURITY WORKS IMPORTANT TO US?			
To understand your employer's need for the Social Security number required when he files reports of your earnings	Find out how many students have Social Security cards and have them explain to the class how they obtained them.	Samples of payroll deduction forms may be obtained from employers, employees, accountants, etc.	Most people must obtain a Social Security card before they can work. Baby sitters, newsboys, and caddies are exempt.
To understand why certain payroll deductions are made	Obtain samples of payroll information forms distributed by employers. Explain payroll deductions and net pay ("take home pay") calculations.	*Payroll bookkeeping*, New York State Education Department.	In addition to retirement benefits, Social Security may provide cash income to survivors or dependents of deceased or disabled workers.
To become familiar with the "pay-as-you-go" method of collecting taxes	Prepare a transparency of a payroll information form for use with an overhead projector (1) to illustrate how "take home pay" is calculated and (2) to provide explanations of the various deductions from gross pay.	*20th Century bookkeeping and accounting*, Carlson, Forkner, & Boynton, Chapter 22.	The "pay-as-you-go" method of collecting FICA, state, and local taxes facilitates tax collection and assures that those who work pay taxes as required by law.
To know the benefits available if a parent dies or becomes disabled		*General business*, Crabbe, Debrum, & Haines, p. 283.	
To become familiar with medical benefits available to older people under Social Security (Medicare)	Distribute sample payroll deduction forms to students and have them fill them out, using sections of federal, state, and FICA tax tables.	*Consumer economic problems*, Wilson, & Eyster, p. 283.	Social Security provides only minimal income for a retired person and additional income from savings, insurance, or investments may be required, depending upon individual circumstances.
To find out where further information concerning Social Security is obtainable			

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	Compare actual amounts received from Social Security with estimated cash required for living expenses. Encourage students to get first-hand information from friends, relatives, and acquaintances.	*To help teach Social Security* - free teaching aids consisting of wall charts, benefit tables, and other material. Social Security Administration.	
WHY DO WE STILL NEED PRIVATE LIFE INSURANCE, SAVINGS, OR INVESTMENT PROGRAMS IF WE ALREADY HAVE SOCIAL SECURITY?			
Social Security provides only minimal coverage. We may need additional income to enjoy our old age. Except for disability, Social Security retirement benefits do not start until the age of 62. Higher retirement benefits are paid if one waits until he is 65. Emergencies (illness, loss of job, aged dependents, etc.) require additional protection.	Have students calculate the amount needed in a savings account to produce a given amount of income. Students may obtain information about interest rates from local banks, newspapers, and radio or TV commercials. Check to see what pupils have life insurance or savings plans. Ask them to describe their programs. Ask pupils to share examples of how savings or insurance programs have	*Your Social Security*. U.S. Department of Health, Education and Welfare. Social Security Administration, Pamphlet OASI-35. *Consumer economics*. Wilhelms, Heimerl, & Jelley. pp. 76-77. *The consumer and his dollars*. Schoenfeld & Natella. pp. 225-226.	Life and health insurance available from private firms may be needed to supplement government insurance. Savings and investments are desirable to supply additional income during retirement, illness, etc. Savings, investments, and insurance programs provide the ready cash to take advantage of opportunities or to meet emergencies.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
A savings fund may help us to afford a trip or to take advantage of opportunities requiring immediate cash.	helped their families to meet emergencies or to enjoy special opportunities.		
WHAT DOES SOCIAL SECURITY COVER?			
. unemployment insurance . old age, death, disability, health (Medicare), aid to dependent children, and aid to the blind programs.	Prepare a bulletin board display of newspaper advertisements containing information about interest rates on money deposited in savings and loan associations, savings banks, and commercial banks. Also obtain interest rates offered by local credit unions.	Watch for announcements in newspapers and magazines of changes in Social Security laws and provisions. *How the New York State Labor Law protects you.* New York State Department of Labor, Office of Public Information *Financing your Social Security benefits.* U.S. Government Printing Office. *Your Social Security earnings record.* U.S. Government Printing Office.	Social Security covers more than just old-age pensions and unemployment insurance. It is a comprehensive program which provides death benefits, disability benefits, and aid to survivors, dependent children, and the blind, as well as health programs. (Medicare)

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS UNEMPLOYMENT INSURANCE? It is a federal-State insurance program which provides some income if a person is temporarily laid off or loses his job provided he is ready, willing, and able to work. Sick or injured workers may be able to obtain disability insurance.	Ask students to talk with parents or friends to learn of cases where unemployment insurance was paid. How long did it take before benefits were paid? How much was paid? For how long?	*Suggested outline for studying Social Security.* Social Security Administration.	Unemployment insurance is a federal-state system for providing some income to persons who are out of work. To qualify for unemployment insurance, an individual must have previously worked and must exercise due diligence to obtain a new job. He must accept a job reasonably suited to his abilities if such work is offered to him.
WHO PAYS FOR UNEMPLOYMENT INSURANCE? The employer pays the entire cost in New York and in most other states.			
WHO IS COVERED BY UNEMPLOYMENT INSURANCE? Most workers, with the following exceptions . employees of nonprofit and religious organizations . some government employees		*Laws governing employment of minors.* State of New York, Department of Labor. pp. 31-32.	A worker who is ill is not entitled to unemployment insurance, but he may qualify to receive disability benefits.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. some domestic workers . farm workers . students in regular attendance at school			In New York State, most workers are covered by unemployment insurance.
IF AN EMPLOYEE QUITS HIS JOB, IS HE ENTITLED TO UNEMPLOYMENT INSURANCE?			
One is eligible for benefits only if he quits for "a good cause."	Have pupils discuss what situations might be considered "a good cause."	New York State Employment Service representative.	If an employee quits his job without "good cause," he is not entitled to unemployment insurance.
IF AN EMPLOYEE IS FIRED FOR MISCONDUCT ON THE JOB, CAN HE COLLECT UNEMPLOYMENT INSURANCE?			
Before an employee can become eligible for benefits, he must have worked at least 3 days in each of 4 different weeks, OR, he must have earned at least $200.	Write to New York State Department of Labor, Division of Employment, Public Relations Office, 370 Seventh Avenue, New York, N.Y. 10001 for current information about unemployment insurance benefits. Consult daily newspapers for proposed and actual changes in federal and state labor laws.	Information regarding any phase of unemployment insurance may be obtained from the New York State Department of Labor, Division of Employment.	An employee who is fired for misconduct may temporarily lose his right to unemployment insurance.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
IF AN EMPLOYEE IS OUT OF WORK BECAUSE OF A STRIKE, CAN HE COLLECT UNEMPLOYMENT INSURANCE?			
An employee loses benefits for seven weeks. He may then be eligible.	Invite a speaker from the New York Department of Labor, Division of Employment, to visit the class and discuss the services rendered by his department. Ask an adult who has been out of work because of a strike to discuss the benefits he received from unemployment insurance (and union funds, if any).		If a union calls a strike, the workers are not entitled to collect unemployment benefits for a seven week period from Social Security.

Explanation of Salary Deductions

FICA - Social Security Law Includes:

1. Old-age benefits
2. Disability benefits
3. Survivor's insurance benefits
4. Medicare - Federal Health Insurance Program for people 65 and older
   a. Hospital Insurance - helps cover hospital bills.
   b. Medical Insurance - helps cover doctor's bills and other services not included in voluntary Medicare program - cost - $3 per month. Federal Government pays equal amount.

Who Pays?
Employee - 4.4% of wages limited to first $6600 earned.
Employer - 4.4% of wages limited to first $6600 earned.
Self-Employed - 6.4% on first $6600 earned.

FWT - Federal Withholding Tax.

Withheld from earnings

Who Pays?
Employee - amount depends on earnings and the number of exemptions

SWT - State Withholding Tax

Withheld from earnings

Who Pays?
Employee - amount depends on earnings and the number of exemptions.

NYSDB - New York State Disability Benefits.
Who Pays?
Employee - 1/2 of 1% of his salary - BUT NO MORE THAN $.30 WEEKLY.
Employer - pays balance necessary for operation of NYSDB. (Some employers pay the total amount).

EMPLOYEE'S STATEMENT OF SALARY AND DEDUCTIONS

Notify Your Payroll Office of Any Error in Your Social Security Number

Social Security No.	Reg	Overtime	Rate	Gross Pay	Soc. Sec. (FICA)	FWT	SWT	N.Y.S.D.B.

Union Dues	Bonds	Garn.	G. Insurance	Other**	Net Pay	

Retain as Evidence of your Salary Deductions

Union Dues - (Check-Off) Employer deducts the amount of Union Dues from each Union member's wages and then pays the Union

Bonds - e.g., Series E United States Savings amount deducted is used towards the purchase of U.S.S.B.

Garnishee - Employee owes creditor money and the creditor has a garnishment by which the employer must deduct a portion of the employee's wages and remit to creditor.

Group Insurance - deduction from employee's salary to pay insurance premium.

**Deductions made to cover purchases of a corporation's stock by employees, merchandise, etc.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS MEDICARE? Medicare is a federal health insurance program which covers most persons who have reached age 65.	Have students query their parents and older acquaintances to see how many older people are familiar with the provisions of the new Social Security law which went into effect July 1, 1966. Discuss how pupils can help their parents learn of the benefits available and of the need to register at the proper time. If any family members of students are receiving Medicare benefits, ask for reports of how the plan has worked in these instances.	Pamphlets available from the local Social Security office: . *Just about 65?* . *How Medicare helps to pay a home health agency* . *Medicare and the extended care facility - what it means to you* . *Your first $50. of medical insurance expenses under Medicare* . *When you enter a hospital...how does Medicare help?* . *How much does Medicare pay for outpatient hospital services?*	The purpose of Medicare is to provide the aged the means to secure adequate medical services.
BASIC HOSPITAL CARE . Provides up to 90 days coverage for each "spell of illness." . For the first 60 days. Medicare pays all expenses - except the first $50.	Have students visit the offices of the Social Security Administration to obtain literature concerning Medicare and to have the provisions of this protection explained.	*Consumer issues '66 - A report to the President from the consumer advisory council.* pp. 87-89.	Hospital bills, within certain limits, will be paid for most people after they reach age 65.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. For the next 30 days, Medicare pays all but $10. . After a stay in a hospital for covered services, nursing home care and home health visits are provided for. . With certain limitations outpatient diagnostic services also are provided.	Many insurance agents are well acquainted with all phases of social insurance. Invite an insurance company representative to discuss Social Security programs as well as private programs obtainable from insurance companies. Obtain information from insurance companies regarding their new health insurance policies especially designed for individuals over 65 who are eligible for Medicare. Invite a representative of the Social Security Administration to explain the provisions of the act, to show films dealing with disability, Medicare, retirement, etc.	Pamphlets available from Channing L. Bete: . *Medicare and you* . *Social Security and you* . *About extended care* . *You and home health care* *Things to know about Medicare*. U.S. Government Printing Office: 1966. 0-205-845 or your local Post Office. Social Security Administration will provide a teaching kit containing charts, graphs, pamphlets, and other literature dealing with all phases of Social Security including Medicare.	Basic hospital care is financed by Social Security payroll deductions from the earnings of employed workers. Medical insurance is available on a voluntary basis upon application. Payment of a monthly premium of $3 is required. (The U.S. Government matches contributions of participants in this voluntary plan.) Medicare is a plan of community risk-sharing to provide funds for medical services for the aged so that they will not use up their savings or become dependent on their children or others.
WHAT DOES VOLUNTARY MEDICAL INSURANCE COVER? . Expenses are 80 percent reimbursable after the first $50 of covered service within each year			Medicare payments are not paid automatically. To secure the benefits of this program, participants must file an application with the Social Security Administration.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Pays physician's bills for treatment in the home, in his office, or in the hospital . Pays surgeon's bills . Pays for services of approved home health agencies . Pays for rental of durable medical equipment (crutches, chairs, oxygen equipment, etc.) . Pays certain other medical services (x-ray treatments, splints, casts, etc.)			If medical coverage is to start at age 65, application must be made during the prior 3 months.
WHAT ITEMS ARE NOT COVERED BY MEDICARE?			
Items specifically excluded: . Drugs for use outside a hospital or extended care facility . Private duty nursing . Routine physical examinations . Routine eye examinations and eyeglasses . Hearing aids and examinations for hearing . Dental care - unless in connection with an illness or injury . Orthopedic shoes . Medical expenses incurred outside the United States	Contact Blue Cross/Blue Shield or an insurance agent for information concerning supplemental health insurance to pay expenses not covered by Medicare.	*Medicare - benefits and gaps*, Margolius, Sidney, Public Affairs Pamphlets. *Questions and answers on health insurance for the aged*. U.S. Department of Health, Education and Welfare, No. OASI-1965-10, pp. 28-29. *As Medicare begins*. Consumers Union, June 1966, pp. 288-293. *Health insurance for people 65 or older*. U.S. Department of Health, Education and Welfare or Social Security Administration.	To provide funds for medical expenses not covered by Medicare, it is desirable to budget for these expenses or to obtain supplemental insurance coverage.

MEDICAID

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT IS MEDICAID? (Medical assistance for needy persons) Medicaid is a federal-state-local program that provides funds for needed medical care for families who cannot pay for it.	Differentiate between Medicare and Medicaid. This discussion should familiarize students with the meaning of the term "means test" as it applies to medical assistance to the needy. Students should learn that Medicare does not require a means test. Medicaid does.	*Medical assistance for needy persons*. State Department of Social Welfare, 112 State Street, Albany, New York 122[illegible]1. *Social Welfare in New York State 1965*. 99th Annual Report. State Department of Social Welfare. pp. 5-8	A "means test" is a method of determining if an individual or family is eligible for financial aid. It is based on income, number of dependents, savings, and other factors. Medicaid applies to all persons who cannot pay for needed medical services - as determined by the means test enacted into the social welfare law.
WHAT SERVICES DOES MEDICAID PROVIDE? Medicaid provides necessary services of: . Physicians . Dentists . Nurses . Optometrists . Podiatrists Medicaid also provides: . Care and treatment in hospitals, nursing homes, or other medical institutions . Outpatient services	Medicare applies to persons 65 years of age or older whereas Medicaid applies to any person or family unable to pay medical expenses. Discuss the meaning of the term "catastrophic illness" as defined in the rules of the State Board of Social Welfare. Ask students to supply information regarding exceptionally large	*Medical assistance for needy persons*. Laws of New York. Chapter 256. Title 11, Article 5. Also see, Chapters 257, and 799-802 for amendments to the social welfare law.	For those persons who qualify, Medicaid may provide a more comprehensive program of medical services than is provided under Medicare. To be eligible for Medicaid, a person must apply to his local public welfare department. Medicaid provides financial aid to meet the costs of catastrophic illness.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Home health care . Drugs, eyeglasses, dentures, and sick-room supplies	hospital costs and other medical expenses incurred by members of their families or friends. How were these costs met? Have students discuss the pros and cons of public welfare expenditures on medical care for the needy. Use newspaper and magazine articles and editorials for background information.		Catastrophic illness is defined in the rules of the State Board of Social Welfare as illness involving hospitalization, the costs of which exceed the income above exemption levels for a period of six months. (See chart of exemptions at the end of this unit.)
IS A FAMILY WITH INCOME, SAVINGS, OR INSURANCE DISQUALIFIED FROM MEDICAID ASSISTANCE? A family may still get Medicaid assistance even though they have income or certain assets such as savings and insurance. When the costs of medical services exceed the family's excess income or assets, the family should consult its local welfare department and apply for aid.	Discuss the meaning of the term asset. Ask students to suggest items which could be included in a list of personal assets. Discuss the specific assets which must be considered in determining eligibility for Medicaid assistance such as the cash surrender value of life insurance, savings, etc. (Term and group	*Medical assistance for needy persons - questions and answers*. State Department of Social Welfare.	Certain items are not considered as assets in determining eligibility for Medicaid assistance. (An asset is a thing of value.) Excluded assets are the family car, clothing, furniture, appliances, or equipment used in an occupation or business.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	insurance are excluded because they have no cash value.) Students should also be familiar with assets which may be excluded in determining eligibility for Medicaid.		
SHOULD A FAMILY DROP ITS PRIVATE HEALTH INSURANCE IF IT QUALIFIES FOR MEDICAID?			
Generally a family is better off to keep its private health insurance especially since it may not qualify for Medicaid if the income of the family increases or if its resources increase. The amount paid for private health insurance premiums is taken into account in determining eligibility.	Ask a qualified insurance agent to discuss how private insurance plans supplement the Medicaid plan. Discuss private health insurance coverage as it pertains to Medicaid. Students should learn that private insurance benefits must first be used to pay expenses of illness.	Insurance agent. Representative of the Social Security Administration.	The cost of health insurance premiums, even where paid by third parties such as an employer, is allowed as a credit against the deductible amount of medical expenses an individual or family must pay. If the family qualifies, Medicaid will pay whatever costs are not covered by private policies.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
ARE RELATIVES REQUIRED TO CONTRIBUTE TO THE SUPPORT OF THOSE WHO RECEIVE MEDICAID?			
Certain relatives must contribute if financially able . A husband for his wife . A wife for her husband . Parents for children under 21 years of age Adult children are not legally responsible for their parents' Medicaid assistance.	Keep in touch with changes in the Medicaid program as they may appear in newspaper and magazine articles.	*Public welfare in New York State.* State Department of Social Welfare, 112 State Street, Albany, New York 12201.	The social welfare law provides that certain close relatives may be held responsible for supporting those who receive Medicaid if they have the financial resources to do so.

WHO QUALIFIES FOR MEDICAID

Whether a person or family qualifies for Medical Assistance depends on all of these factors:

Annual income
Savings
Burial reserve (in life insurance or liquid assets)
Medical expenses

In addition, a deductible payment is ordinarily involved for outpatient care for anyone with an annual income of $4,500 or more. This is figured two ways: One percent of gross income, or five percent of net income in excess of 80 percent of the minimum income exemption. The recipient must pay whichever is less. Payment of health insurance premiums can be applied to the deductible.

The exemptions considered in determining eligibility are: income, savings, and burial reserve. These are amounts of income and resources that need not be used to pay medical bills, except for the deductible payment. Examples follow:

NET ANNUAL INCOME EXEMPTIONS

(total income less income taxes and the cost of health insurance premiums)

Minimum Exemptions for Family Households in Which There Are Wage-Earners

Number in household dependent on the wage earner and family members for whom the earner is legally responsible, or has assumed responsibility.

Persons in household	ONE	TWO	THREE	FOUR	FIVE	SIX	SEVEN	EIGHT	
One earner	$2,900	4,000	5,200	6,000	6,850	7,700	8,550	9,400	
Two earners	___	4,850	6,050	6,850	7,700	8,550	9,400	10,250	

Minimum Exemptions for Family Households in Which There Is No Wage-Earner But Existing Income (Social Security, Pension, Interest, Dividends, etc.)

	$2,300	3,250	4,350	5,150	6,000	6,850			

SAVINGS, LIFE INSURANCE, AND BURIAL RESERVE

Savings are exempted up to one-half of the annual net income (total income less income taxes and the cost of health insurance premiums). For example: a family with an annual net income of $6,000 is permitted to reserve $3,000 in savings. Any savings in excess of $3,000 would have to be used toward payment of medical bills - unless some of the savings were needed to establish burial reserves for members of the family without minimum insurance protection.

A family is permitted to have a burial reserve of $1,000 for each member of the family, and this may consist of life insurance, cash or other assets.

If any member of a family has life insurance with a face value in excess of $1,000, the loan value of the policy or policies must be determined. If there is a loan value, a portion of such amount may be considered an asset, to be included with savings.

Example: A family of four has an annual net income of $6,000, and $2,000 in savings. The mother has insurance with a face value of $1,000, which is exempt as her burial reserve. The two children are uninsured. The father has an insurance policy with a face value of $5,000 and with a loan value of $3,000 ($600 loan value per $1,000 face value). Of this $3,000 loan value, $600 is exempt as his burial reserve, because it represents $1,000 face value. Of the remaining $2,400 loan value, $2,000 is exempt as the burial reserve for the two children. The remaining $400 is also exempt since the family has only $2,000 in savings and is permitted a total of $3,000.

CONSUMER LAW

Introduction

The consumer needs to know something of the laws which govern all consumer transactions. He cannot hope unless he becomes a lawyer to learn enough law to become a legal expert. But it should be possible for him to understand the principles which govern his everyday business affairs. Even more important, he should learn when and to whom to turn for legal advice when needed.

One of the satisfactions of having some knowledge of the law is that it enables the consumer to do business in a business-like way. The consumer learns that there are a set of rules (laws) which govern the conduct of business. Some of these laws have developed over a period of time and represent the ways in which disputes over the years have been settled. The rulings make up what is known as *common law*. In addition to the common law there are *statutory laws*, representing legislation on specific matters. Because our commercial transactions are constantly growing more complex, the number of such statutory laws increases yearly.

These laws set the pattern for doing business. The law punishes those who break it and protects those who keep within its rules. The consumer who follows the rules set down by the law will find his business transactions protected by the courts; those who are ignorant of the law or disregard its regulations may suffer.

Teachers should emphasize basic legal subject matter such as the law of contracts and select from among the topics presented those that are best suited to the interests and capabilities of their students. Students need to develop an attitude of awareness of their legal rights and the proper procedures for protecting these rights.

The law of contracts should be given special attention. Students should become familiar with the legal meaning of the term contract and the broad influence that contractual relationships exert in their daily lives. Above all, students should learn when it is advisable to consult an attorney and how to deal with attorneys on a business-like basis.

Outcomes - Students need to:

- Know as much as possible about the laws which protect consumers
- Know how to take action to protect their legal rights
- Become acquainted with the types of action which may be most effective
- Gain sufficient knowledge to avoid legal difficulties
- Develop an understanding of both buyer's and seller's rights and responsibilities in business transactions
- Know when to seek legal aid
- Realize that the final responsibility to be prudent consumers rests upon consumers themselves

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT LEGAL PRINCIPLES WHICH GOVERN HIS BUSINESS DEALINGS SHOULD AN EFFECTIVE CONSUMER KNOW?			
The law may be considered the rules and procedures designed to keep the peace, to assure reasonable equity in settling disputes, and to punish or rehabilitate those who violate the rules.	Show film: *What is a contract?* Coronet Films. Available from New York State Department of Commerce.	*The consumer and the law.* Getz, G.S. National Association of Secondary School Principals.	Most business dealings involve contractual relationships.
Almost all business dealings are based on contracts.	Discuss the essential elements of a contract. Obtain copies of contracts and analyze them to determine if they meet the essential requirements.	*Law everyone should know.* Adult Course Outline Bulletin, No. 98. New York State Education Department.	Major business transactions such as real estate transfers, some contracts of employment, and purchases with involved terms or for large sums of money usually require the assistance of an attorney.
Every sale is in effect an executed contract.	Prepare a bulletin board display showing a contract and explanations of the various elements of such a document. (See Kling, op. cit., p. 515; p.541; p. 559; etc.)	*Applied business law,* Fisk, McKee, & Snapp, C. pp. 21-28.	Minors may make binding contracts for necessaries, such as food, shelter, clothing, etc. which are not otherwise supplied by parent or guardian.
WHAT IS A CONTRACT?		*Summary of American law,* Clark, G.L. p. 93.	
A contract is an agreement between two parties that creates rights and obligations that can be enforced in a court of law.		*Consumer economics,* Wilhelms, Heimerl, & Jelley. pp. 358-364.	A minor who has reached his eighteenth birthday may make binding contracts for the reasonable value of goods and services purchased by him for use in his own business.
WHAT IS A BREACH OF CONTRACT?	Discuss contracts of minors. Students should realize that minors may be competent to enter into certain binding agreements, e.g., contracts for necessaries not otherwise furnished, etc.		A minor of 15 may make a binding contract for life insurance on his life or upon the life of a person who supports him.
A breach of contract is the failure of a party to an agreement to carry out his part of the agreement.			
WHAT ARE THE ESSENTIAL ELEMENTS OF A CONTRACT?			
A contract requires:			

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
. Mutual assent (agreement, "meeting of the minds") . Consideration (the price paid for binding a promise. May consist of a promise to pay money, goods, or services.) . Competency (the parties to the contract must be legally qualified to make enforceable contracts. Persons under 21 years of age are not competent to enter into certain types of contracts.) . Legality and form (an agreement which is socially harmful and contrary to law will not result in a valid contract. Other contracts such as the sale of realty must be in writing.)	Discuss; "The law is a shield to protect minors. It should not be used as a sword." Can a contract with a minor become binding after he reaches his majority? If so, how? Distinguish between a social agreement, e.g., a date to go to the movies, and a legally binding contract that contains all the essential elements of a contract. Discuss the topic: "Marriage as a contract." Are the following events or transactions contractual relationships? . Taking a ride in a bus or taxi . Buying merchandise through a vending machine . Ordering merchandise from a department store by phone . Placing a bet with a "bookie"	*Wives' legal rights.* Gallen, R.T. pp. 2-5; 64. *The complete guide to everyday law.* Kling, S.G. Chapter 8. (Note: the teacher should exercise his own judgment in deciding which parts of this chapter may be of particular interest and benefit to the students in his class. *Business law for everyday living.* Getz, G.S. pp. 59-70. *Applied business law.* Fisk, McKee, & Snapp. pp. 31-32. *Today's business law.* Goodman, K.E. pp. 56-57.	A contract with a minor who is a performing artist is binding if it is approved by the Surrogate's or Supreme Court. Contracts are made between two parties - each party of which may consist of one or more persons. A contractual obligation results from the intentions of the parties and is enforceable by law. Agreements which contain the essential elements of a contract are legally binding. The wise consumer should realize when he is obligating himself to a contract which the courts will enforce if he fails to carry out his part of the agreement.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
	. Obtaining medical treatment from an unlicensed physician . Buying gasoline for cash . An eighteen year old buying merchandise to sell in his own store . A fourteen year old buying necessary food for himself when it is not supplied to him by his parents or guardian . Having a suit or dress drycleaned . Signing a lease for an apartment . Hiring an employee . Getting married . Placing a bet at a pari-mutuel racetrack Have students develop a list of other transactions which they consider to be contracts. Hold a class discussion to see whether they are, or are not, contractual relationships.	*The substantative law of New York*. Sainer, A.L. pp. 157-159.	

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
MUST A CONTRACT BE IN WRITING TO BE ENFORCEABLE?			
Many oral contracts are valid. Some contracts must be in writing to be enforceable. The Statute of Frauds indicates which contracts must be in writing.	Discuss the following agreements to determine if they are required to be in writing to be enforceable: . The repair of a porch by a carpenter . A 3-year lease for a house . The purchase of land worth $100 . An oral order to buy a refrigerator costing $450	*Consumer economics*, Wilhelms, Heimerl, & Jelley. p. 364. *General obligations law*. McKinney's Consolidated laws of New York. Vol. 23A, Sect. 5-701. Thompson, Edward. *The adjective law of New York*. Sainer, A.L. pp. 66-67. *The complete guide to everyday law*. Kling, S.G. Chapter 2.	To avoid lawsuits resulting from a misunderstanding of the terms of the agreement, it is desirable to have a written contract. Contracts for the sale of real property must always be in writing.
WHEN SHOULD YOU CONSULT A LAWYER REGARDING A CONTRACT?			
A lawyer should be consulted when the contract involves a real estate transaction, a partnership agreement, an important or involved business transaction, etc.	Discuss the reasons why it is desirable to employ the services of an attorney before signing important contracts.		An attorney should be consulted before signing an important contract. If any part of a contract is not clear, competent legal advice should be secured. Before signing a contract, buyers should request that any oral warranties be put in writing on the firm's stationery and signed by an authorized representative of the firm.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHAT ARE COMMON FORMS AND TERMS OF CONTRACTS?			
Automatic renewal agreements . In so-called automatic renewal agreements, a minimum termination time is usually specified and provision is made that unless one or the other of the interested persons then gives notice of a desire to cancel the agreement, it shall automatically continue in force for an additional period. Automatic continuing agreements are frequently used in selling services of different kinds.	Have pupils build a bulletin board display of automatic renewal contract agreements. (fuel supply services, some appliance service contracts, some insurance contracts, some apartment leases, etc.)	*Facts you should know about your legal problems*, Better Business Bureau.	Automatic renewal contracts have the advantage of furnishing continuing services. Under Section 5-903, of the General Obligations Law, automatic renewal provisions in contracts for service, maintenance, or repair are inoperative unless the prescribed warning calling the customers attention to the automatic renewal clause is given not less than 15 nor more than 30 days prior to the time specified for giving notice.
Conditional sales contracts (A form of security agreement) . The conditional sale contract is a type of contract used in most states in connection with selling goods on the time payment plan. Mainly, it provides that the seller gives the buyer possession of the goods on the condition that the buyer shall pay for them with certain agreed installments, title	Examine an automobile sale contract. Determine whether it is a conditional sales contract. Who actually owns the automobile until it is fully paid for? What restrictions are put upon its use by the buyer? What happens if payments are not made when due? If the car is repossessed, is there still a legal claim by the seller for the unpaid balance?	The Uniform Commercial Code is a technical three-volume publication consolidating the legal provisions covering the types of contracts mentioned in this section. It may be examined in any law library.	Conditional or installment sales contracts are regulated by law in New York State. Among other provisions serving to protect the seller in conditional sale contracts is usually a stipulation that, if the buyer fails to make any payment when due, the seller may claim the entire balance as immediately due and payable, or repossess the goods, and, in many cases sue for the amount of the

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
to the goods remaining with the seller until the last payment has been made. At that time the buyer is released from the contract and obtains complete title to his purchase. The buyer usually assumes complete responsibility for loss or damage to the goods while in his possession, and sometimes, with the exception of automobile purchases, agrees not to move the goods from one location to another without the seller's permission.			sales price not yet paid, minus the amount of money the seller obtains when he repossesses the goods. The Federal Trade Commission has issued rules requiring disclosure of pertinent facts in contracts for the sale of automobiles, including separate listing of the insurance and finance charges.
Bailment lease (A form of security agreement) . The bailment lease is a contract sometimes used in selling goods on the installment plan. As in the case of the conditional sale contract, the buyer, under a bailment lease, obtains possession of the goods, but title remains with the seller until the agreement is terminated. The distinctive feature of a bailment lease is that the seller rents the goods to	Ask an attorney to explain the similarities and differences of a conditional sales contract, a bailment lease, and a chattel mortgage.		

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
a customer for a stipulated period over which rental installments are payable. At the end of that period the customer has the option to purchase the goods for a nominal figure.			
Chattel mortgage (A form of security agreement) A chattel mortgage is a paper usually signed by a person who borrows money or buys "on time " by which he transfers title to personal property as security for the amount owed. For example, if you borrow $200 from John Smith, on your car, you "sign over" the title to the car to Smith until you have paid off the loan and interest. Usually, however, the chattel mortgage gives you the right to keep and use the car, as long as you make the required payments on time. "Personal property" includes such things as automobiles, radios, refrigerators, household goods, and the like.	Discuss chattel mortgage provisions. Students may have bought cars or other items with chattel mortgage provisions. Have the class examine such a chattel mortgage. Who owns the property until the mortgage is paid off? How does a chattel mortgage protect the seller? What problems does it pose for the buyer?	*Consumer economic problems*. Wilson, & Eyster. pp. 277-347.	Most security agreements have these characteristics: . A down payment is required and is forfeited if the goods are repossessed. . If the contract is breached, title and the right to repossession remain with the seller until the last payment is made. . The contract is assignable and is generally assigned to a bank or other lending institution. . When one payment is not made on time, all remaining payments may be declared due by the seller at once and an attorney's fee collected, in addition to interest.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
			. The property may not be moved to a new location without the consent of the seller. Under the law, mortgaged property (conditional sales property) cannot be sold or secreted without the consent of the mortgagee.
INSTALLMENT CONTRACTS ARE NEGOTIABLE			
. In many cases, an installment contract is sold to a finance company or bank to whom you must make payment rather than to the seller. Although misrepsentation or fraud is actionable against the seller, you have no claim against the finance company or bank unless you can prove it is a party to the misrepresentation or fraud. You must pay the finance company or bank the amount you agreed to pay for the purchase. You can try to collect damages from the seller but this is often difficult.	Have students interview parents or friends regarding their experiences with installment contracts changing hands. Was it difficult to get satisfaction from the seller when the installment contract had been sold? What happened if installments were not paid? Are these disadvantages in dealing with firms who sell installment contracts to finance companies or banks?	*Consumer economics.* Wilhelms, Heimerl, & Jelley. pp. 123-138.	Consumers should be careful to enter into mortgage arrangements only when reasonably sure that they can meet the payments as they fall due.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
MAY THE RIGHT TO A LEGAL REMEDY BE LOST DUE TO DELAY?			
Most legal actions must be started within a reasonable time after the cause of action occurs. Some of the more important limitations of time are: . Judgments: 20 years . Breach of contract; 6 years . Breach of sales contract; 4 years or as agreed, but not less than 1 year	Discuss the purposes of statutes of limitations. Students should realize that the purpose of the law is not to deprive them of their right to enforce just claims. Rather, statutes of limitations are designed to facilitate the settlement of disputes and avoid endless litigation by requiring those who think they have a claim to take reasonably prompt action to enforce their claim. Discuss how to make a claim for goods or services. To whom should it go? What should be requested? When should the claim be made? What steps may be taken if the claim is not honored?	*Business law*. Getz, G.S. pp. 109-113. *Understanding business law*. Schneider, Whitcraft, & Rosenberg. pp. 133-135. *Applied business law*. Fisk, & Snapp. pp. 132-135.	To protect one's legal rights, it is desirable to take prompt legal action. If a person is in doubt concerning his legal rights, he should consult an attorney. Part payment of a debt or a written promise to pay may reinstate a claim previously barred under a statute of limitations.

Suggested Learnings	Suggested Pupil and Teacher Activities	Sources of Information	Concepts and Understandings
WHERE CAN YOU GET HELP TO SECURE YOUR LEGAL RIGHTS?			
Help may be secured, depending on the problems from: . Office of the Attorney General, Bureau of Consumer Frauds . New York State Banking or Insurance Departments . Better Business Bureaus . Legal Aid Societies . Private attorneys or law firms . New York City Department of Markets . United States Post Office, Bureau of Postal Inspection . Federal Trade Commission . U.S. Food and Drug Administration . Local police, state police . Local courts . Small Claims Courts . Local district attorney's offices	Prepare a poster or transparency showing the various public and private agencies available to assist consumers. Discuss briefly how various individuals and public and private agencies may assist the consumer in protecting his legal rights. Discuss the importance of taking prompt action to protect one's legal rights. Make a checklist of various ways in which a consumer may suffer a loss. Discuss various forms which remedial action may take. Show the film: *Living under the law.* Show the film: *So you want to buy a home.*	*Facts you should know about your Better Business Bureau.* Contact local office of Better Business Bureau, Educational Division. New York State Bar Association, 99 Washington Avenue, Albany 10, N.Y. Request pamphlets prepared by the Committee on Public Information. *Know your rights; what a working wife should know about her legal rights.* U.S. Government Printing Office, Superintendent of Documents. Cat. No. L 13: 11:39. *Legal protection for the consumer.* Crown, Paul. *A reference book of state services to the consumer.* State of New York, Executive Department.	There are numerous ways in which the consumer can get outside help in protecting his financial interests. While these may be useful, the wise consumer will try to avoid legal entanglements by investigating first. The consumer should familiarize himself with the laws which are passed for his protection. Check the reliability of a firm before signing a contract. Most firms are honest, but the consumer must be on the alert for the occasional cheat.

THE LEGAL AID SOCIETY OF NEW YORK HAS PREPARED THE FOLLOWING STATEMENT ON CONSUMER CREDIT CASES THEY HAVE HANDLED RECENTLY

In analyzing the consumer cases that come to us we find a general misunderstanding of the retail contract by the consumer.

Many consumers believe that within a period of five days the merchandise may be returned without any cost or loss to the purchaser and the sale is cancelled.

Many consumers believe that after a number of installment payments they may return the merchandise or offer to surrender the merchandise, thus losing the monies already paid on the contract and relieving themselves of any further obligation to pay on the contract.

Many consumers believe that illness or lost employment means that payments provided in the contract do not have to be paid during the illness or unemployment.

Many consumers believe that even though the contract has been assigned to a third party (finance agency) they may continue to make their payments to the seller.

Added to these misconceptions are the sharp practices of unscrupulous vendors. One of the usual practices is "bait advertising". Items such as sewing machines, vacuum cleaners, and carpeting are advertised at a very low price in the local newspapers or in radio commercials. The consumer calls the seller to send a representative. The representative brings the merchandise advertised as well as the article he actually hopes to sell. He then states that the advertised product is inferior, will not perform the functions for which it was designed, is hazardous and will not stand up under normal use. He continues to demonstrate the item he hoped to sell and usually is successful in selling the item at many times the price of the advertised product. We often are told by the consumer that he believed the price of the selected article was the same as the article advertised.

Another sharp practice used by sellers is the referral sales plan. Purchasers are told that if they refer a number of prospective purchasers to the vendor they will receive money back. Under some plans the consumer receives the money back whether or not the prospective purchaser buys the merchandise. Under other plans there isn't any money back unless sales are made. However, at the initial sale the consumer is told that in effect he won't have to pay anything because the money he receives back under the referral plan will cover his installment payments. Many clients report that prospective purchasers are not called upon and in some instances they do not receive money back for the prospective purchasers who are called upon.

Where the contracts are assigned by the seller to a third party and the purchasers are discontented with merchandise delivered, the seller often induces the purchasers to make payments to the third party (assignee) with a promise to replace or repair the merchandise. The purchaser therefore fails to give notice of the defects to the assignee within 10 days of notice of assignment as provided for under the law; thereafter he can only seek adjustment from the seller. The purchaser therefore is disarmed of the one powerful weapon he has-the refusal to pay. In

some instances we have been informed that the sellers induced the purchaser to use merchandise delivered which didn't conform to the contract, in order to be able later to say the buyer accepted the merchandise and therefore can not return it.

Sellers have also obtained signatures of third parties on installment contracts as co-purchased by telling them they are merely credit references. Sellers also have the purchaser sign the name of his spouse or some other member of the family under a similar ruse.

We have recently seen an influx of consumer cases which involve food plans and freezer or refrigerator-freezer combination sales. The seller has the purchaser sign a retail installment contract for the purchase of the freezer or refrigerator-freezer combination and a retail installment obligation for food.

Many consumers have claimed that the agents for the sellers have made one or more of the following misrepresentations:

- The freezer would not cost the purchasers any money.
- The savings made on the food would pay the cost of the freezer.
- The food would last for 4 months.
- The quality of the meats was U.S. Prime or U.S. Choice.
- The freezer could be returned when the purchaser stopped ordering food.
- The vendor was selling a food plan.
- The freezer was reasonably priced.
- The food purchases would adequately meet the needs of the family.
- The price of the freezer is grossly inflated over the whole cost and food delivered is short weighted.

Another common class of case involves the sale of encyclopedias on a retail installment contract. Clients have complained that the vendor's agents have made one or more of the following misrepresentations:

- The salesman is an agent of a governmental body.
- The books are being sold under a federally sponsored program.
- The books are essential for the education of the children of the family.
- The books are required reading by the public school.
- The books may be returned if the purchaser isn't satisfied.

We frequently have complaints about magazine subscription contracts. The total cost or price isn't usually mentioned and the subscriber is told that it only costs $2 per month. Generally there isn't any service charge and the State Department of Banking, Sales Finance Division, has held that these aren't retail installment contracts.

Summary of Common Misconceptions of Consumers with Respect to Credit Obligations

- Prepared by the Legal Aid Society of New York

1. That the law prevents a seller from overcharging for goods

2. That hardship to the buyer in carrying out a contract will relieve him of the legal obligation

3. That if the seller takes back the goods, the buyer is automatically relieved of the need to pay for them

4. That purchases can be returned if there is change of mind

5. That deposits must be returned if there is a change of mind

6. That if there is a defect in the goods, the buyer does not have to pay

7. That if there are co-signers, the seller is obligated to collect first from purchaser and user of the goods

8. That the payments will be to the seller and not to a third party and that the buyer therefore has a form of pressure to exert against the seller of unsatisfactory merchandise

9. That what the salesman says has equal weight with what the contract states

10. That buyers can hold up payments while adjustments or refunds are being made

Laws to Protect the Consumer

New York State Attorney General Louis Lefkowitz has been a leader in the field of consumer legislation. Many consumer laws now on the statute books were originally sponsored by him. Examples are given below:

Subject	*Purpose*
Unlawful selling practices ("bait" advertising)	Prohibits advertising as part of a plan or scheme where the advertiser does not intend to sell the merchandise or service so advertised at the price stated in the advertisement. This is commonly known as "bait" advertising.
Required disclosure of prior use	This section requires the seller of a major household appliance to indicate by appropriate tag or label the fact that such appliance is used, rebuilt, reconditioned, repossessed, etc.
Radio and television tubes	Requires the seller of electronic radio and television tubes to indicate by appropriate label, tag, or invoice the fact that such tubes being offered for sale are reactivated, secondhand, or used tubes.
False advertising	Prohibits advertising which is misleading in any material respect and permits an action for violation thereof by the Attorney General with a civil penalty of not more than $500 for each violation.
Certain contracts for instruction	Declares void and unenforceable as contrary to public policy so-called lifetime contracts for instruction of an individual patron of a dance hall, ballroom, gymnasium, etc.
Unlawful selling practice	This subdivision prohibits the voluntary and unsolicited sending of goods, wares or merchandise not actually ordered or requested by the recipient, either orally or in writing, and permits the recipient to assert as a complete defense in any action that might be bought against him for goods sold and delivered the fact that such goods, wares or merchandise were delivered voluntarily and were not actually ordered by the defendant.

Laws to Protect the Consumer
Selected from the New York Penal Law

Subject	*Penalty*
Sale of "kosher" products	A person who, with intent to defraud, sells or exposes for sale any meat or meat preparations, article of food or food products, and falsely represents the same to be "kosher" is guilty of a misdemeanor.
Fraudulently obtaining property for charitable or religious purposes	A person, who willfully, by color or aid or any false token or writing, or other false pretense, obtains the signature of any person to any written instrument, or any money or property, for any alleged or pretended charitable, religious, or benevolent purpose is punishable by imprisonment for not less than one nor more than three years, or by a fine to an amount not exceeding the value of the money or property obtained, or by both.
Circulating false statements concerning financial responsibility	Any person who knowingly and willfully states, delivers or transmits by any means whatever to any person, firm or corporation, any false and untrue statements of fact concerning the financial responsibility of any person, firm or corporation, with intent that the same be acted upon, is guilty of a misdemeanor.
Sale or possession of depressant or stimulant drugs	A person who shall barter, or exchange, with, or sell, give, or offer to give, to another any depressant or stimulant drug in violation of any section of article 33-A of the public health law shall be punishable by imprisonment for an indeterminate time.
Obscene prints and articles	A person, who sells, lends, gives away, distributes, shows or transmits, or offers to sell, lend, give away, distribute, show or transmits any obscene, lewd, lascivious, filthy, indecent, sadistic, masochistic or disgusting book, magazine, etc. is guilty of a misdemeanor.
Indecent articles	A person who sells, lends, gives away, or in any manner exhibits or offers to sell, lend or give away, or has in possession with intent to sell, lend or give away, any instrument, article, recipe, drug or medicine for causing unlawful abortion is guilty of a misdemeanor.
Use of flag	The use of the United States of America's flag and or any State flag for display or for advertising purposes or to damage or mutilate said flag or flags constitutes a misdemeanor.

Common Consumer Problems and Related Steps to Take, Including Legal Remedies

COMMON CONSUMER PROBLEMS

Many problems of consumers grow out of honest human errors and may be resolved by friendly discussion. An attempt should be made to settle the problem with the person or business house involved. If satisfaction is not achieved, the consumer should turn to the appropriate agency for help.

SUGGESTED STEPS TO PREVENT DIFFICULTIES OR TO SECURE LEGAL RIGHTS IF NECESSARY

Think the problem through before taking action. "An ounce of prevention is worth a pound of cure."

If in doubt, get professional advice before entering into a business deal.

Be a prudent buyer. Read (and save) the label, any pertinent advertising material, guarantees, warranties, etc.

Keep a carbon copy of all correspondence.

Get professional help when needed *before* signing a contract.

Kind of Problem	*Suggested Solution*
Purchasing food	
. The consumer suspects he is being overcharged.	Watch the cash register; be sure the correct amount is rung up. When you get home, check the tape against your purchases. -alternate solution - make your own record of item costs as you shop, and check with register results.
. The consumer confirms that he is being overcharged.	Bring the matter to the attention of the store manager. Show evidence in the form of tapes or other receipts. It may be an honest human error on the part of the cash register attendant. Give the store manager a chance to correct the situation.

. The store manager refuses to correct the situation of overcharging.	Make your complaint to the local district attorney, the nearest office of the Bureau of Consumer Frauds and Protection, the local Better Business Bureau, or other agencies which can help. In making the complaint, document the facts: Who? What? When? Where? Indicate the steps you took to try to correct the situation.
. The consumer suspects short weight or measure.	Insist that the article be weighed or measured in your presence.
. Short weight or measure is confirmed.	Call the attention of the store manager to the situation and ask him to correct it. If he does not do so, report the facts to the local Bureau of Weights and Measures, Market Department, the district attorney, the Bureau of Consumer Frauds and Protection, or other appropriate agencies.
. Deceptive packaging.	Complain to: the store manager; the manufacturer; your state legislator; your Congressman; the President's Consumer Advisory Council.
. Adulteration is suspected.	Report the facts to your local market inspector, district attorney, the State Bureau of Consumer Frauds and Protection, or the U.S. Food and Drug Administration.
Purchasing clothing	Read the label. Be sure you understand the characteristics of the particular fabric to be purchased. If in doubt, inquire as to its characteristics. Check with the vendor regarding shrinkage, color fastness, washability, etc. (Consumer information with regard to fabric characteristics is available from a number of sources including consumer magazines, state extension services, retail outlets, etc.) If the material proves to be unsatisfactory, ask for an exchange or refund of money. Be sure, however, that your claim is justified in terms of the fabric characteristics.

Purchasing appliances	Read the guarantee. Ask the seller to put any claims of performance over and beyond those in the standard guarantee in writing. Read the contract· be sure that you understand it before signing. Be sure that the appliance has been properly installed and not misused. If it still fails to perform satisfactorily, present your complaint to the dealer. If satisfaction is not secured, write the manufacturer, stating the facts: from whom purchased, when; what the difficulty is; what action you wish taken. If you still feel that you have a case, report your complaint to the local Better Business Bureau. In the case of fraud or deception, contact the nearest office of the State Bureau of Consumer Fraud and Protection, or the Small Claims Court if your community has one.
Car purchase	Be sure that the contract is completely filled out before signing it. If you don't understand the terms, get a qualified and impartial person to explain them. Check on the service and warranty provisions. Be sure that the *true* interest costs are understood. If the car fails to perform as you have a right to expect, discuss the matter with the manager of the firm. If you are still dissatisfied, report the matter to the manufacturer. If fraud or deception is suspected, report the facts to the State Bureau of Consumer Frauds and Protection.
Business contracts, home purchase contract, etc.	Check the terms of the agreement with your attorney *before* signing a contract which involves sizable sums of money or involved arrangements. Check the reputation for fair dealing of the person or persons with whom you plan to do business. (The Better Business Bureau, local banks, the Chamber of Commerce, and the Bureau of Consumer Frauds and Protection are helpful sources.)

In the event of suspected breach of contract engage an attorney or ask the Legal Aid Society for help.

If fraud or deception is suspected, the local district attorney or State Bureau of Consumer Fraud and Protection may be of assistance.

Appliance repair

If possible get a quotation of the estimated cost of the repair in writing. Ask the repairman to notify you before proceeding if the cost will run over the estimate. Get a written statement of the time for which the repaired appliance is guaranteed.

If you are still not satisfied, notify the Better Business Bureau and the State Bureau of Consumer Frauds and Protection.

If you are still not satisfied, are willing to pay the cost, and feel that you have a legal case, engage an attorney to handle your claim.

Home repair

If the contractor making the repair is a franchised operator, notify the parent concern. If satisfaction is not forthcoming, notify the Better Business Bureau. If fraud or deception is suspected notify the State Bureau of Consumer Frauds and Protection. For firms in interstate business, report the complaint to the Federal Trade Commission. Finally, you may wish to engage an attorney to bring legal action in the courts.

Refunds for merchandise

If an merchant misrepresents his goods, or if the merchandise is defective, you are entitled to relief and justified in expecting satisfactory adjustment or a refund. Otherwise, just because you change your mind, you have no more legal right to expect a merchant to refund your money than the merchant has to ask you to give him back the merchandise he sold to you - because he decided he didn't want to sell it. Some stores do

make refunds because it is their policy - not that they are required to do so. On the other hand, a promise to refund or exchange should be honored. If the store fails to do so, complain to the manager, the Better Business Bureau, and Chamber of Commerce.

Mail orders,
suspected fraud or deception

Report the facts to your local postmaster or the Bureau of Postal Inspection. Save all pertinent correspondence including envelopes, wrappers and mail order advertising.

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Read the label on foods, drugs, devices, cosmetics, and household chemicals; rev. ed. Catalog No. FS 13.111:3. 1965. 20¢.
Shopper's guide to U.S. grades for food. 1962. 10¢.
Things to know about Medicare. Catalog No. FS 3.35:877. 1966.
Understanding life insurance for the family. 1964.
When you use credit - for the family. 1965. 10¢.
What every builder should know about homes associations. Catalog No. HH 2.6/6:H75/5. 1965. 05¢. (FHA Bulletin No. 102)
Wood frame house construction. Catalog No. A13:78:FPL-47. (Handbook No. 73)
Your Social Security. Catalog No. FS 3.35:35. 10¢. (Request most recent issue.)
Your Social Security earnings record. Catalog No. FS 3.35:93. 10¢. (Request most recent issue.)

U.S. Post Office Department, Washington, D.C.
Mail fraud. (Obtainable from local postmaster.)

U.S. President. The White House.
To protect the American consumer; message of President Johnson. February 16, 1967.

U.S. Savings and Loan League, 221 N. LaSalle St., Chicago, Ill.
Thrift and home ownership.
What you should know before you buy a home.

U.S. Social Security Administration, Washington, D.C. 20201.
Free teaching aids consisting of wall charts, benefit tables, and other material.
Health insurance for people 65 and over; hospital insurance and medical insurance. Catalog No. FS 3:35:883A. 1966. (OASI Ser. No. 883A.)

U.S. Treasury Department, Savings Bond Division, Training Department, Washington, D.C.
Teaching thrift through school savings.

W.A. Benjamin Co., 1 Park Ave., New York, N.Y.
How to manage your money, by John Kirk. (Family Finance Handbook; available from Marine Midland Banks at a nominal price.)

Western Reserve University, Bureau of Business Research, Cleveland 6, Ohio.
Consumer credit facts for you, by W.P. Mors. 1959.

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Periodicals

General

Car and driver. Ziff-Davis Publications, 1 Park Ave., New York, N.Y. 10016. Monthly. $5.

Changing times. The Kiplinger Magazine, 1729 H. St., NW, Washington, D.C.

Consumer bulletin. Consumers' Research, Inc., Washington, N.J. 07882. Monthly. $5.

Consumer reports. Consumers' Union of the United States, Inc., 256 Washington St., Mount Vernon, N.Y. Monthly. $6.

Enforcement report--fraud, obscenity, extortion. U.S. Postal Inspection Service, Washington, D.C. Monthly.

Everybody's money. Credit Union National Association, Box 431, Madison, Wis. 53701. Quarterly.

Forbes magazine. Forbes, Inc., 70 Fifth Ave., New York, N.Y. 10011. Semimonthly. $7.50.

Home furnishings daily. Fairchild Publications, 7 E. 12th St., New York, N.Y. 10003. Daily. $9.

Market news service. New York State Department of Agriculture and Markets. Weekly.

Motor trend. Peterson Publishing Co., Inc., Los Angeles, Calif. Monthly.

New York times. New York Times, 229 W. 43rd St., New York, N.Y. Daily.

Popular mechanics. Hearst Corp., 575 Lexington Ave., New York, N.Y. 10022. Monthly. $3.50. See M. Schultz's column, "The Saturday Mechanic," in recent issues.

Savings bank depositor. Savings Bank Associations of New York State, 110 E. 42d St., New York, N.Y. 10017. Monthly. Free.

Wall street journal. Dow Jones & Co., Inc., 44 Broad St., New York, N.Y. Daily except Saturday and Sunday. $24.

Articles

"Acne remedies." Everybody's Money. Autumn 1966.

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"You can't really get it wholesale." Consumer Bulletin. March 1964.

"Why auto dealers don't like cash buyers: a report on what happens as price competition gives way to promotional rivalry." Consumer Reports. pp. 258-261. May 1965.

MEDIA RESOURCE MATERIALS

Directory of Sources

ABA. American Bankers Association, Banking Education Committee, 90 Park Ave., New York, N.Y. 10016.

ABBB. Association of Better Business Bureau, Education Division, Chrysler Bldg., New York, N.Y. 10017.

AFI. Association Films, Inc., 347 Madison Ave., New York, N.Y. 10017.

AMA. American Medical Association, Film Library, 935 N. Dearborn St., Chicago, Ill. 60610.

ASE. American Stock Exchange, Public Affairs Division, 86 Trinity Place, New York, N.Y. 10006.

CFL. Capital Film Laboratories, 470 E St., S.W., Washington, D.C. 20024.

CIF. Coronet Instructional Films, 65 E. South Water St., Chicago, Ill. 60601.

CUFL. Consumers Union Film Library, 267 W. 25th St., New York, N.Y. 10001.

DAY. Dudley - Anderson - Yutzy, 551 Fifth Ave., New York, N.Y. 10017.

GLB-NYS. General Laws Bureau, Capitol Bldg., State of New York, Albany, N.Y. 12224.

H & C. Henning and Cheadle, Inc., 10010 Greenfield Rd. Detroit, Mich. 48227.

ILI. Institute of Life Insurance, Educational Division, 277, Park Ave., New York, N.Y. 10017.

JH. Jam Handy Organization, 2821 E. Grand Blvd., Detroit, Mich.

MGHT. McGraw-Hill Book Company, Text-Film Division, 327 W. 41st St., New York, N.Y. 10036.

MMB. Marine Midland Bank, Advertising Department, Fourth and Grand Streets, Troy, N.Y. 12181.

MTP. Modern Talking Pictures, 3 E. 54th St., New York, N.Y. 10022.

NCEFF. National Committee for Education in Family Finance, 277 Park Ave., New York, N.Y. 10017.

NCFA. National Consumer Finance Association, Educational Services, 1000 Sixteenth St., NW, Washington, D.C. 20036.

NYT. The New York Times, Filmstrip on Current Affairs, Times Square, New York, N.Y. 10036.

PFL. Precision Film Laboratories, 21 W. 46th St., New York, N.Y. 10036

PLI. Photo Lab, Inc., 3825 Georgia Ave., NW, Washington, D.C.

SB. Stanley Bowmar, 12 Cleveland St., Valhalla, N.Y. 10595.

SBA. Savings Bank Association, State of New York. 60 E. 42d St., New York, N.Y. 10017.

SEF. Sutherland Educational Films, 201 N. Occidental Blvd., Los Angeles, Calif. 90026.

SHC. Sperry and Hutchinson Company, Consumer Relations Department, 114 Fifth Ave., New York, N.Y. 10011.

SMUSA. Sterling Movies USA, Inc., 43 W. 61st St., New York, N.Y. 10023.

SVE. Society for Visual Education, Inc., 1345 Diversy Pkwy., Chicago, I11. 60614.

Charts

The check explained. MMB. (15-in. X 20-in. chart.)

Consumer finance teaching units. NCFA. Free. (Kits contain background information for teacher and a quiz for students.)
No. 4. Miracles of credit.
No. 8. Teaching unit for consumer finance.
No. 12. Consumer credit facts and you.
No. 20. Basic principles in family money and credit management.
No. 40. It won't take a minute.
No. 49. Consumer credit and you.

How to be a better shopper. SHC. (The kit contains: teacher's guide, wall chart, budget envelopes for each student, and booklet.)

Insurance wall charts. ILI. 15¢ each. (A series of five colored 26-in. X 38-in. wall charts.)

Nerve center--American Stock Exchange. ASE. (A fold-out chart giving the functions of the stock exchange.)

Quick credit cost computer. SBA. (Cardboard calculator.)

Wall posters No. 47. NCFA. (A series of 5 posters covering consumer finance dollar, cost of loans, financing business, use of credit, and consumer balance sheet.)

Films

Banking in action. AFI. 20 min. sd. b&w. 16 mm.

Behind the label; or, the case of Mrs. Harridan's hat. DAY. 1962. 13 1/2 min. sd. color. 16 mm.

Buying food. MGHT. 12 min. sd. b&w. 16 mm.

Consumer protection. CIF. 11 min. sd. b&w. 16 mm.

Consumers want to know. CUFL. 30 min. sd. color. 16 mm.

Films (cont'd.)

F.D.A. special report: drug abuse--bennies and goofballs. PFL. 20 min. sd. b&w. 16 mm.

Fine art of fraud. GLB-NYS. 18 min. sd. color. 16 mm. Free loan.

Expose the medicine man. AMA. b&w.

The health fraud racket. U.S. Food and Drug Administration. CFL. 1967. 28 min. sd. color. 16 mm.

The house hunters. AFI.

How to buy a used car. JH. 1963. 15 min. sd. color. 16 mm. Free loan.

Installment buying. CIF. 11 min. sd. b&w. 16 mm.

Life insurance; what it means and how it works. Institute of Life Insurance. AFI. 13 min. sd. color. 16 mm.

Littlest giant. NCFA. 14 min. sd. color. 16 mm.

Man to know, A. AFI. 13 1/2 min. sd. b&w. 16 mm.

Mr. Webster takes stock. SMUSA. 27 min. sd. b&w. 16 mm.

Personal financial planning. AFI. 13 1/2 min. sd. b&w. 16 mm.

Personal financial planning. SEF. 1961. 11 min. sd. b&w. 16 mm.

Reason for confidence, A. AFI. 28 min. sd. color. 16 mm.

Revolution in our times. U.S. Savings and Loan League. MTP. 27 min.

Too good to be true. ABBB. sd. b&w. 16 mm.

What you should know before you buy a home. MTP. 27 min. sd. color. 16 mm.

Where the heart is. MTP.

Films (cont'd.)

Wise buying. CIF. 11 min. sd. b&w. 16 mm.

Wise use of credit, The. NCFA. 11 min. sd. b&w. or color. 16 mm.

Why budget. MGHT. 12 min. sd. b&w. 16 mm.

Your family budget. CIF. 11 min. sd. b&w. or color. 16 mm.

Filmstrips

American consumer. NYT. 54 fr. b&w. 35 mm.

Buying insurance. MGHT. color. 35 mm. $6.50. (Managing your money ser.)

Consumer Education Series. SB. b&w. 35 mm. Set of 6 $22.50.
- Facts about cotton fabrics.
- Facts about rayon fabrics.
- Facts about wool fabrics.
- How to buy a blouse.
- Select your style.
- Your retail store.

Dollars for health. Institute of Life Insurance. AFI. 1965. 61 fr. color. Free.

Dollars for security. Institute of Life Insurance. AFI. 1959. 62 fr. color. Free.

Interest; borrowing and investing. SVE. 50 fr. color. 35 mm.

What makes people buy. H & C. 1963. 59 fr. sd. 35 mm.; 12-in. 33 1/3 rpm. 10 min. $25.

Recording

Be sure! Insure! NCEFF. (Radio broadcast or assembly program.)

Slides

Consumers' Research, Inc., Washington, N.J. 07882. Free loan.
Deceptive packaging. 34 slides. 2-in. X 2-in. b&w. 35 mm.
Food additives. 28 slides. 2-in. X 2-in. b&w. 35 mm.
Safety in the home. 34 slides. 2-in. X 2-in. b&w. 35 mm.
Testing at Consumers' Research. 34 slides. 2-in. X 2-in. b&w. 35 mm.

Dr. Quack's clinic. PLI. 40 slides. 2-in. X 2-in. color. $4.25 per set.

Tapes

New York State, State Education Department, Division of Educational Communications Educational Media-Materials Distribution Service, Albany, N.Y. 12224. (Copies of these programs may be obtained by sending a blank tape to the New York State Education Department.)
Budgeting. Single track. 7 1/2 ips. 15 min.
Consumer buying. Single track. 7 1/2 ips. 15 min.
Credit. Single track. 7 1/2 ips. 15 min.
Dutch uncle talks. 9 tapes. Single track. 7 1/2 ips. 15 min.
Housing. Single track. 7 1/2 ips. 15 min.
Insurance. Single track. 7 1/2 ips. 15 min. (Getting and spending ser.)
Post office box that wasn't there. Single track. 7 1/2 ips. 15 min.
That automobile. Single track. 7 1/2 ips. 15 min.
That's the law--leasing a dwelling. Single track. 7 1/2 ips. 15 min.